H. Hornstein

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CONFIDENTIAL

CIVIL AFFAIRS GUIDE

Social Security in Austria

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NOTE

Civil Affairs Guides are designed to aid civil affairs officers dealing with problems in liberated areas, each Guide being focused upon a specific problem in a particular area. These Guides are not basic collections of factual information, as are the Civil Affairs Handbooks, nor are the recommendations contained in the Guides intended to take the place of plans prepared in the field. They are rather designed to point the factual information toward the making and executing of plans by those civil affairs officers assigned to this work in the theaters of operation.

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SUMMARY

1. Austria was among the pioneering countries in the field of social security. National legislation on and national administration of health and accident insurance go back to the 1880's. Pension insurance for salaried employees and a special security program for miners also date from the time of the Monarchy. The Republic broadened and liberalized these earlier programs and developed systems of unemployment compensation, old age assistance, and comprehensive schemes of social security for salaried employees and agricultural labor. While all political parties agreed on the necessity of social security measures in a country so deeply menaced by economic insecurity, the character and extent of these measures were disputed between the political parties. The main point of contention was a pension system for workers, already planned in the time of the Monarchy, legally established under the Republic, but not enacted for financial reasons. The economic crisis of the early thirties led, however, to serious cuts in the existing programs of social security.

2. The Austro-Fascist regime codified all programs serving non-agricultural labor in a comprehensive act of 1935, which used legislation and experience already

known in Republican times. This legislation of 1935 provided for workers pension insurance, but for a second time postponed its actual introduction. It also eliminated the regime's political foes from the administration of social security.

Immediately after the annexation the Nazis announced that the German program of workers pension insurance would be extended to the "Ostmark," and proceeded to substitute the whole German social security system for the Austrian system. Administratively and financially social security was entirely integrated into the German scheme. Only those phases of the Austrian system which were more favorable than the German program were continued.

3. It is assumed that the operation of social security programs will be interrupted by the economic and administrative collapse in the last phase of hostilities and by the separation of Austria from Germany. The resumption of social security should be of concern to Military Government because of its interest in the public employment services and the medical services that are integral parts of certain programs as well as for political and psychological reasons.

4. The de-Nazification of government departments

and institutions dealing with social security should follow the general principles adopted for de-Nazification in Austria. All legal provisions creating injustices or discrimination should be abolished immediately. It is recommended that, with these changes, and with other indispensable modifications, the present German legislation be used during the period of occupation.

5. It is recommended that a government department for social security be established as part of a central agency for social administration. At the same time, it is suggested that the present superior insurance offices (Oberversicherungsämter) be continued as regional supervisory agencies. The work of these agencies and of the central department as well as of the more important security institutions should be supervised by Military Government. An "outpost" of Military Government in Berlin would protect the interests of the Austrian programs during the process of administrative separation.

6. The suggestions made for the reorganization of the various programs add up to a program in which all local functions of social security would be combined in the sickness funds and all regional functions in the four Workers Pension Insurance Institutions (Landesversicherungsanstalten). The local employment offices should be maintained as agencies of unemployment compensation, and the regional

offices (Gauarbeitsämter) should be transformed into offices serving areas defined according to the location of industries.

7. It is specifically suggested that changes be made in conditions and rates of cash benefits under the various programs, if such changes are necessary for financial reasons. The medical services of sickness insurance should not, however, be reduced.

8. The paper presents the political and social reasons that speak for the preservation of workers pension insurance. If this program cannot be resumed, a scheme of old age assistance, at least, should be re-introduced.

9. It is recommended that financial policies be developed for the social security system as a whole; they should not be separately established for the various programs. There should be one contribution rate for non-agricultural labor, and another for agricultural labor. Both rates should be uniform for the whole country or at least for each zone of occupation. It is suggested that provisions be made for public subventions or loans to supplement contributions. All reserves should be merged. All social security income should be distributed from a central point among the various programs and institutions, in accordance with priorities that might be established for certain programs.

10. The formation of advisory groups to act with the various social security institutions and the public employment offices should be encouraged.

CONFIDENTIAL

SOCIAL SECURITY IN AUSTRIA

I. ANALYSIS OF THE PROBLEM

A. Introduction

Economic insecurity was a grave problem in Austria throughout the two decades from the end of the Monarchy to the annexation by Germany. During the first years of the Republic and again during the early 1930's, the situation became extremely grave. After the Nazis came to power in 1938, they were able to solve the problem by a boom in armaments. When this armament program ends following the collapse of the Nazis, and Austria is thrown back upon its own resources, limited even in peacetime, the problem of economic security may again become pressing and continue to be serious even after the immediate consequences of the war and the German collapse have been overcome.

In pre-Nazi times, Austria sought to deal with economic insecurity through the medium of three types of institutions:[1]

1. Measures of public welfare, largely in the form of poor relief;

2. Private welfare, carried out mostly by Church-connected organizations;

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1. For public and private as well as Party welfare see Civil Affairs Guide: Public and Private Welfare in Austria.

3. Social security programs.

After the Nazis annexed Austria, they extended their Party welfare organization into Austrian territory.

Government activities in relation to economic distress during the Republican period were focused upon the development of social security programs, especially the programs of social insurance. These programs appealed to the Austrian worker and salaried employee because they gave him legal claims for benefits and services, which were not dependent upon a test of need or any other sort of administrative discretion. The Austrian worker also appreciated the fact that under social insurance he did not receive "gifts" from general tax money or from private charity but had cemented his claims to support by his own contributions. It was also important to the Austrian worker that social insurance institutions were managed by a system of self-government in which labor participated.

The financial bases of social insurance, moreover, had peculiar advantages for the general community. As in other countries, contributions for social insurance yielded higher returns than comparable taxes, a factor of special importance for a country so haunted by tax worries as was Austria. At the same time, however, these contributions were attacked by certain business circles as a primitive form of payroll taxes; and in their view

the high rates of contributions were considered largely responsible for the lasting and widespread unemployment in Austria.[1]

Another advantage of social insurance for the Austrian community was the largely unpolitical character of its operation. Benefits, conditions of benefits, and procedures were defined by statutes. Although these statutes came into force only after heated political discussions, they were to a large degree carried out by administrative routine, free from the fundamental differences in political and social philosophy that overshadowed so many other public activities in Austria. These differences had only limited influence upon the execution of the social insurance laws once they were enacted.

It is significant that, in the field of social security, Austria was able to develop a national legislation and a national scheme of administration and that its direction was in the hands of the national government. This development was quite different from the situation in the areas of public and private welfare where national legislation was confined to the establishment of principles and where administration and operation varied among the Länder and inside of them, in accordance with their political and social structure.[2]

1. See below, I, D, 3, m.
2. See Civil Affairs Guide: Public and Private Welfare in Austria.

B. Social Security in Austria before the Republic

1. The Basic Principles. Social security in Austria began with three pioneering laws issued under the Austrian Empire in the 1880's;[1] on accident insurance (Unfallversicherungsgesetz) issued 28 December 1887; on sickness insurance (Krankenversicherungsgesetz) issued 30 March 1888; and on miners insurance (Bruderladengesetz) issued 28 July 1889. These early laws established fundamental principles that shaped the development of social security legislation during the following decades and continued to influence strongly the codification of all branches of social security under the Austro-Fascist regime in 1935.[2] Among these principles were the following:

a. The dominant place of the national government in legislation on and supervision of social security programs;

b. The recognition of separate social risks each of which is to be dealt with in a specific way: sickness, industrial accident, old age, invalidity, premature death, and unemployment;

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1. For the beginnings of social insurance in Austria, and for its status in imperial Austria before the first World War, see the Twenty-Fourth Annual Report of the United States Commissioner of Labor (1911), I, 31-36. Cited hereafter as 24th Annual Report.
2. See below, I, D, 3.

c. The development of separate programs for various social and economic groups, as industrial workers, salaried employees, miners, agricultural workers, government officials, and self-employed with low incomes;

d. The large degree of legal compulsion in the various programs, not only in regard to groups covered, but also in connection with methods of administration and financing;

e. The administration of most social security programs by separate, specialized, financially autonomous institutions, in which, prior to the Austro-Fascist regime, the protected groups and their employers participated under a well-developed form of self-government;[1]

f. The use of contributions from employers and the insured employees as the main source of income;

g. The establishment of legal claims for benefits and the enforcement of these claims by judicial guarantees;

h. The extension of provisions to include cash benefits and services, particularly medical services.

2. Economic Factors. The growth of social security in the Monarchy influenced the later developments in Austria in still another way. Even in Imperial times, the growth of social security was seriously hampered

1. The government itself did not administer most social security programs in Austria.

by the limited degree and the uneven development of industrialization in Austria and the relatively low level of the national income. The main results of these factors in the pre-Republic period were:

a. The programs covered a relatively small number of persons; for example, in 1907, sickness insurance covered only three million persons, accident insurance not much more than two million, out of a population of almost thirty millions.[1]

b. The programs were restricted by an over-cautious limitation of contributions and benefit scales.

c. Pressing social risks were excluded from the programs which meant that there were no effective schemes covering old age, invalidity, and survivors pensions for industrial workers; the special miners program, however, included from the beginning a pension plan, and all three risks were covered by an Act of 16 December 1906, which affected only salaried employees.

C. Social Security under the Austrian Republic

1. General Character. Republican Austria tried persistently to overcome the limitations of the social security program it had inherited, an endeavor that produced a serious strain upon its limited economic resources. The effort, however, could be justified, not only by arguments of social philosophy as presented

1. 24th Annual Report, pp. 32-33.

by the Austrian Social Democratic Party, but also by the extent of the social need, particularly among the urban population. But the results were not achieved easily. In their details, the various phases of the Republican system were hotly contested between the Christian Social government and its supporters and allies, on the one hand, and by the Social Democratic opposition on the other. The actual legislation of the Twenties thus was the result of political compromises and frequently had a makeshift character. The rampant inflation of the early Twenties and the economic crisis of the early Thirties, moreover, were particularly disturbing factors, and the whole development was overshadowed by lasting and widespread unemployment.[1]

2. Major Accomplishments. The major accomplishments of the Republican regime in the field of social security were achieved in the following fields:

a. Unemployment Compensation. This program was established by the Act on Unemployment Insurance of 24 March 1920 (StGBl. No. 153) and was further developed through a great number of amendments (thirty from 1920 to 1933) and of supplementary decrees (thirty-three during the same period).

1. For the record of unemployment in Austria see Appendix A.

Unemployment compensation in Republican Austria combined two different aspects: the regular scheme of unemployment compensation, called unemployment insurance, although it differed in some essential points from the general Austrian concept of social insurance; and a scheme of unemployment assistance, called emergency grants (Notstandsaushilfen). The grants were introduced first as a temporary measure by the Sixth Amendment of 15 December 1922 (BGBl. No. 924), but were continuously extended, because of the persistence of unemployment in Austria.

Both these schemes were administered jointly by industrial district committees (Industrielle Bezirks-kommissionen) and the unemployment offices, under the direction of the Federal Ministry for Social Administration. The industrial district committees had been set up by the Instruction of 4 November 1918 (StGBl. No. 18) as the regional agencies of the public employment service. Their functions were later extended not only into the field of unemployment compensation, but also into such branches of public labor administration as the control of industrial safety and of apprenticeship. The industrial district committees were composed of equal numbers of employer and employee representatives who were

appointed by the Federal Minister, in accordance with proposals made by the Land government after consultation with the associations of employers and employees. In 1929, there were eleven of these committees, located in Vienna, Wiener Neustadt, St. Pölten, Gmünd, Eisenstadt, Linz, Salzburg, Graz, Klagenfurt, Innsbruck, and Bregenz.[1]

The committees acted on such matters as extending the duration of insurance benefits or allowing emergency grants. Their decisions were, however, subject to veto by the federal or Land government. In addition, the district committees supervised the unemployment offices. These latter institutions were actually employment offices of a non-profit character, established either by municipalities, unions, or co-operative associations of craftsmen (Gewerbegenossenschaften). They were also established ad hoc by the Federal Ministry.[2] The unemployment offices were managed by committees composed of equal numbers of employers and workers. The offices shared with special judicial committees (Schiedskommissionen) the right to review decisions of officials refusing or restricting unemployment benefits.

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1. Max Lederer, Grundriss des Oesterreichischen Sozialrechts. 2nd ed., p. 81, n. 1. Cited hereafter as Lederer, Grundriss.
2. No national employment service existed in Austria, prior to the codification of social security under the Schuschnigg regime. However, under the impact of unemployment compensation, a complete network of non-profit employment offices grew up throughout the whole country.

Unemployment compensation covered all workers and employees, with the exception of most agricultural workers and domestic servants, and of workers in rural communities.

The financial basis for the system of unemployment insurance proper passed through various phases. In the beginning, employers, employees, and the federal government each bore one-third of the expenditures. Later on, the annual costs were assessed in equal parts only upon employers and workers, but the federal government undertook to advance the funds in order to expedite operations; eventually the government found it more and more difficult to secure reimbursement of these advances. The contribution rate for an industrial worker was fixed at a percentage of the individual's contribution to sickness insurance and, in different periods, varied between 75 and 100 percent of this base figure. Salaried employees and their employers paid higher, and agricultural workers -- so far as they were covered -- and their employers paid lower rates. All contributions were pooled on a national and inter-industrial basis, and were collected by the sickness funds together with the contributions for sickness insurance.

The emergency grants were financed half by subsidies from the Bund and the Länder, half by additional contributions

1. Lederer, Grundriss p. 694, n. 2.

(Zusatzbeiträge) from employers and workers. These additional contributions were not to exceed 50 percent (sometimes 45 percent of the contribution to sickness insurance). The contributions were not determined on a national basis, but were fixed by the industrial district committees for their respective territories; consequently, they varied among different regions, ranging from 1 percent or less in certain rural territories to 20 and 30 percent in Graz and Wiener Neustadt.[1]

The benefits under unemployment insurance were limited in their regular duration to twelve weeks during twelve months; they could, however, be extended to thirty weeks by the industrial district committee for applicants from occupational groups suffering from unfavorable labor market conditions. For the lower wage classes, the amount of benefits was related to the level of cash benefits granted under sickness insurance; for the upper wage classes it was fixed on the basis of flat rates. These benefits, moreover, were increased by dependents' allowances, but they were, in no case, to exceed 80 percent of former earnings.[2] Seasonal workers received lower rates.

The amount and duration of the emergency benefits were largely left to the discretion of the industrial

1. Lederer, Grundriss, p. 694, n. 2.
2. See Appendix B.

district committees. The rates were in any case lower than the regular benefits.

Even the regular unemployment benefit depended, according to the statute, upon a test of need. Actually, this test was not applied in all cases by most industrial district committees, at least during the first twelve weeks. Furthermore, the test was applied in different ways by the various committees.

b. Old Age Assistance. A transitory scheme of old age assistance was established by the Workers Insurance Act of 1 April 1927 (BGBl. No. 125), which was designed to prepare the ground for a future program of old age insurance for workers.[1] The scheme resembled the system of unemployment compensation in that it combined partial financing by contributions with a test of need. The beneficiaries were persons of at least sixty years of age who either had exhausted their claim for regular unemployment benefits or were refused unemployment benefits because they were no longer able to work. The program was directed by the agencies administering unemployment compensation in co-operation with the accident insurance institutions for workers (Arbeiter-Unfallversicherungsanstalten). The costs were advanced by the federal

1. See I, C, 5 below for a further discussion of this act.

government; half of the expenses were, however, reimbursed from contributions of employers and workers, and one-third by the Land. The rate of the contribution of employers and workers was fixed at one-fifth of the contribution to sickness insurance. The old age pension was issued for a lifetime. The monthly payment was equal to twenty times the daily unemployment benefit with a minimum limit of eighteen schillings.

The Social Democratic Party strongly criticized the program for granting the aged only two-thirds of what the unemployed could claim, and the "robbery committed against the aged unemployed" was frequently debated in the Austrian parliament.

c. Sickness Insurance. Substantial reforms were achieved in this field by a large number of amendments to the basic law of 30 March 1888, which were eventually codified in the Workers Sickness Insurance Act of 1929 (Arbeiter-Krankenversicherungsgesetz 1929) and the Act concerning the Organization of Sickness Funds of 1929 Krankenkassenorganisationsgesetz 1929), both promulgated by the Decree of 22 March 1929 (BGBl. No. 117).

Sickness insurance had been extended in Imperial times to all industrial employees; the cash benefits were extended to twenty-six weeks, and the medical services

broadened. There were, however, a number of serious weaknesses in the program:

i. The program was organized into a great number of autonomous sickness funds, rendering different types of services and varying in strength.[1]

ii. Employees in the higher wage brackets were under-insured because of the low ceiling placed upon the wage classes from which the benefits were calculated.

The changes made in the sickness insurance program during the time of the Republic produced the following results:

i. A simplified and strengthened organization was developed. The Republican statutes, however, still recognized six types of sickness funds and strongly favored the "territorial" funds (Gebietskrankenkassen), covering all types of employment in the same area. Other types of funds, particularly the employers funds, were liquidated. The individual territorial funds were strengthened by an extended merger of small funds of this type. How successful the Republican regime was in this

1. The six types of sickness funds in pre-Republican times were: territorial funds (Bezirkskrankenkassen), employers funds (Betriebskrankenkassen), building trades funds (Baukrankenkassen), guild funds (Genossenschaftskrankenkassen), associations funds (Vereinskrankenkassen), and miners funds (Bruderladen). See Fritz Hawelka, "Workers Sickness Insurance in Austria," in International Labor Review, December 1923, pp. 811-829.

policy is proved by comparing figures for 1907 with figures for 1931.[1] In 1907 there were 2,882 funds, including 566 territorial funds and 1,228 employers funds. But by 1933, the field of workers sickness insurance was served by only 67 funds, including 35 territorial funds and 18 employers funds. In 1907, moreover, a little more than one-third of the insured were members of territorial funds; in 1931, they comprised more than three-fourths.[2]

ii. Under-insurance was abolished by the addition of the higher wage classes and by a more liberal method of calculating benefits.

Other changes in sickness insurance included the extension of coverage;[3] not only all persons employed under a contract of labor, or as apprentices, but also home workers and the unemployed were now insured. Higher levels of cash benefits were provided for sickness and maternity and the duration of these benefits was extended.

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1. See 24th Annual Report, p. 270, and Amtliche Nachrichten des Bundesministeriums für Soziale Verwaltung, 1933, p. 167. Cited hereafter as Amtliche Nachrichten.
2. The territorial fund in Vienna, created in 1929 by the merger of thirty individual funds, had more than 400,000 members and was among the most powerful social institutions in the world. The district fund in Graz, with more than 45,000 members, was second in size. In Carinthia and in Upper Austria all territorial funds were merged into two Land funds, one in Klagenfurt, another in Linz. See Lederer, Grundriss, p. 531, n. 3.
3. The coverage of the traditional scheme of sickness insurance was, however, reduced by the transfer of salaried employees and agricultural workers to special programs. See below I, C, 2, e, f. The scheme was renamed "Workers Sickness Insurance."

Medical services offered by salaried physicians and group clinics were enlarged. Family benefits, however, remained optional in character and could be introduced under the bylaws of the individual funds.

Characteristic features of workers sickness insurance at the end of the Republican period were the following:

i. The scheme of benefits included cash benefits for sickness, maternity, and death; medical treatment by general practitioners and specialists; and the provision of drugs and appliances.

ii. The financial scheme was based exclusively upon contributions from the insured and their employers. The insured paid two-thirds of the contribution, the employers one-third. The contribution rates were fixed uniformly by statute, in spite of the financial autonomy permitted every fund. For the territorial funds the regular weekly rate was one-half of the average daily earnings in the respective wage class.

iii. The self-government of every fund was established by law and was undertaken by bodies composed of elected representatives of the insured and their employers. The ratio of representation was four to one for the insured workers in the policy-making and executive organs and for the employers in the supervisory organs.

iv. For each fund, a semi-judicial procedure was established for the review of claims for benefits. The cases were handled by special courts (Schiedsgerichte), composed of representatives of the insured and of their employers.

v. Medical services were regulated by agreements between the funds and individual physicians or organizations of physicians.

vi. Voluntary associations of sickness funds were formed for such common tasks as arranging agreements with physicians, hospitals, pharmacists, and midwives.

d. Accident Insurance. The most significant accomplishment in this field was the extension of coverage from industrial accidents to occupational diseases, which was achieved for industrial workers by the Act of 16 February 1928 (BGBl. No. 50), and for salaried employees by the Insurance Act for Salaried Employees.[1] Lists of diseases, in compliance with contemporary international standards, were established by the Decrees of 3 and 6 September 1928 (BGBl. Nos. 229 and 237).

Other major changes in workers accident insurance, which were embodied particularly in the Act of 16 February 1928, included the following:

1. See below, I, C, 2, e.

i. The upper limit of earnings to be considered for contributions and benefits was raised to 2,400 schillings per year. In spite of this change, however, pensions for skilled workers were still inadequate, but the problem of under-insurance became less extreme.

ii. The catalogue of benefits was extended by the introduction of a "recreation pension" (Genesungsrente), of a "retraining pension" (Umschulungsrente), of burial grants in case of fatal accidents, and by the supplying of orthopedic appliances.

In spite of these changes, the fundamentals of accident insurance for non-agricultural workers remained unchanged. Significant features of this program were:

i. The coverage of accident insurance was narrower than the coverage of sickness insurance and insured only workers in factories, foundries, mines, construction, certain dangerous enterprises.

ii. The risk was liberally defined, for not only were accidents incurred at work insured, but also accidents which happened while the worker was engaged in domestic services for the employer and those occurring on the way to and from the job.

iii. Pensions were paid after four weeks of incapacity for work. The amount depended upon the degree of incapacity and the past earnings of the insured. The

"full pension" given in cases of total incapacity was equivalent to two-thirds of the basic earnings. Widows received a pension equivalent to 20 percent of the full pension, orphans 15 percent. All these rules satisfied international standards.

iv. While medical services were rendered in general by the sickness funds, they could be taken over at any time by the institutions of accident insurance. Occupational rehabilitation was not provided for by statute, but was actually rendered in qualified cases.

v. Accident insurance was administered by three territorial institutions:

(1) The Arbeiter-Unfallversicherungsanstalt in Wien, which covered the regions of Vienna, Niederösterreich, and Burgenland;

(2) The Arbeiter-Unfallversicherungsanstalt in Salzburg, which served Oberösterreich, Salzburg, Tirol, and Vorarlberg;

(3) The Arbeiter-Unfallversicherungsanstalt in Graz, which included Steiermark and Kärnten as its territory.

The management of these three institutions was largely entrusted to elected representatives of employers and of the insured workers. Details were regulated by the bylaws.

vi. Accident insurance was financed exclusively by contributions of the employers, expressed in percentages of their payrolls. The contribution rates differed according to the risk of accident in the individual enterprise. During the 1920's, the rates varied between 0.07 percent and 7.81 percent; the average was around 3 percent.[1]

vii. A special court was established for each of the three institutions and heard appeals against their decisions. Elected representatives of employers and the insured were members of these courts.

e. Insurance of Salaried Employees. The Insurance Act of 20 December 1926 (RGBl., No. 388)[2] combined and co-ordinated the insurance of salaried employees without any limit of income. The benefits covered sickness, maternity, industrial accidents (including occupational diseases), disability, old age, and death, but not unemployment.[3] Benefits were also provided for dependents.

Sickness insurance was administered by "sickness funds for salaried employees" (Versicherungskassen für Angestellte);

1. Lederer, Grundriss, p. 544, n. 1.
2. This act, originated under the Monarchy, was frequently amended during the Republic and from time to time was re-promulgated.
3. The salaried employees were covered by the general program of unemployment compensation (see above I, C, 2, a). They paid, however, higher contributions, provided for by this act.

each of these funds covered the territory of a Land; in Vienna, however, there were three funds (for commercial employees, employees of banks, and industrial employees). All other insurance programs for salaried employees were administered for the whole of Austria by the Central Institution for the Insurance of Salaried Employees (Hauptanstalt für Angestelltenversicherung) located in Vienna. The institution which was represented locally by the sickness funds, were, on the other hand, supervised by the Central Institution. Special insurance institutions (Sonderversicherungsanstalten), dealing with all branches of social insurance, were created for salaried employees in agriculture and forestry, for journalists and other employees of newspapers, and for pharmacists.

All the institutions were directed by elected representatives of the insured and their employers. In some cases, an equal number of representatives served on the directive bodies. In other cases, the majority of seats was reserved for either the representatives of the employees or those of the employers.

Like the other branches of social insurance, the program for salaried employees had its own set of judicial authorities, again called Schiedsgerichte. There was one of these courts in each Land.

The program was financed exclusively by equal contributions from employers and employees. In the initial phase of the program, the rates of contributions were 4.5 percent of earnings for sickness insurance and 6 percent for accident and pension insurance; this last rate was increased gradually to 8 percent

in 1931. In addition, 2.8 percent was collected in the form of contributions for unemployment compensation, together with additional payments for emergency grants (Notstandsaushilfen). These amounts were transferred to the agencies administering unemployment compensation.

Benefits and services were comprehensive and particularly liberal in definitions and in amounts.[1] A serious weakness of the pension scheme, however, was its financial system. Expenditures were covered by current contributions and only very small reserves were accumulated.[2]

f. Insurance of Agricultural Workers. Prior to the Insurance Act of 18 July 1928 (BGBl., No. 235), the sickness insurance of agricultural labor was left to the Länder, which developed them very unequally; accident insurance existed only for agricultural labor dealing with machinery, an exceptional case in Austrian agriculture. The Act of 1928 provided insurance for most social risks, but unemployment was excluded.[3] However, the provisions dealing with old age, disability, and survivors insurance were suspended until the time when the

1. Lederer, Grundriss, p. 459, n. 2, shows that in 1930, the Austrian average for disability and old age pensions was 181.86 schillings, the German average, translated into Austrian currency, only 138.46 schillings for the same services.
2. See Lederer, op. cit., p. 501, n. 1, for cautious criticisms.
3. Salaried employees in agriculture and sawmill workers were covered by unemployment compensation. Special relief activities for unemployed forest workers were supported by federal subventions following 1931.

the corresponding provisions for industrial workers were enforced; this stage was actually not reached before the Anschluss took place. The act could be extended by decree to cover farm operators, but it was necessary for a Land government to make application.

The phase of the program relating to sickness insurance was administered by territorial "agricultural sickness funds" (Landwirtschaftskrankenkassen), of which there was one in each Land. The accident insurance program was handled by "insurance institutions for agricultural workers" (Landarbeiterversicherungsanstalten) which were also to administer the appropriate pension insurance. There were five institutions in this field, of which those in Linz, Graz, and Klagenfurt covered the territory of the respective Land; the institution in Vienna was responsible for Niederoesterreich and Burgenland, the institution in Innsbruck for Salzburg, Tirol, and Vorarlberg. Management of sickness funds and management of insurance institutions were largely identical. All funds and all institutions had, however, their own responsible boards, composed of elected representatives of employers and workers.

The program was financed by contributions from employers and workers, and amounts paid were computed on the basis of wage-classes. The contribution rate was fixed by statute only for accident insurance, where it was equal to 5 percent of the basic wage. In sickness insurance for agricultural workers

the rate was fixed by the bylaws of the sickness funds under control of the Land government.

The benefits were, on the whole, less liberal than in the programs for industrial workers and salaried employees. The statutory benefits provided for sickness insurance were kept down to relatively low levels and did not include provisions for dependents; family benefits could, however, be introduced under the bylaws. Accident pensions were granted only in cases of serious incapacity to work.

g. Miners Insurance. No other phase of social security suffered so much from the dissolution of the Austrian Monarchy as the program of miners insurance, which was developed by the General Mining Act of 23 May 1854 (RGBl., No. 146) and the Act concerning Miners Funds (Bruderladengesetz) of 28 July 1889 (RGBl., No. 117). The program combined sickness and accident insurance with provisions for permanent disability, old age, and premature death. But it was in connection with the accident and pension insurance for miners (called Provisionsversicherung in Austria) that the most serious issues arose.

The mining industry ranks first in terms of accident risks, sickness, premature invalidity and premature death. The mining industry in Republican Austria, however, employed only 24,015 workers in 1919; only once during subsequent years

did the number exceed 30,000, and in 1927 and 1928 it dropped below 20,000. With the number of employed persons as small as it was in Republican Austria, it is evident that the mining industry was hard put to shoulder the risks.

The Republican regime continuously strove to maintain, and even to increase, the social security program in behalf of the miners. For example, the Act of 10 December 1919 (StGBl., No. 205) dissolved the special Accident Insurance Institution for Miners and included the miners in the general accident insurance operated by the three territorial accident insurance institutions.[1] However, no similar arrangement was possible for the disability, old age, and survivors insurance of miners because a corresponding general program for workers did not exist. Another problem arose when the twenty-eight miners' pension funds (Provisionskassen der Bruderladen), the traditional institutions of miners insurance, were unable to finance pension payments, particularly after supplements were introduced by the Act of 16 April 1920 (StGBl., No. 198). To maintain this program, the Republican government created by the Act of 3 December 1925 (BGBl., No. 432) the Miners Assistance Funds (Bergbauf̈ursorgefonds), which were to be financed from a special tax on coal mined in Austria or imported. After the introduction of old age assistance,[2] aged miners were transferred to this program (Act of 23 November 1927, (BGBl., 338), and Decree of 4 July 1928 (BGBl., No. 172)).

1. See above I, C, 2, d.
2. See above I, C, 2, b.

The financial status of the pension insurance remained, however, extremely delicate, and the rates and conditions of pensions were inadequate from a social point of view. A fundamental reform was proposed by the government in 1928 but failed to secure a majority in the Federal Council.[1]

h. Sickness Insurance for Government Officials. The Austrian Republic's special program of sickness insurance for federal officials and certain other groups of public employees established a pattern followed by a number of other European countries. The Act of 13 July 1920 (StGBl., No. 311) created the Sickness Insurance Institution for Government Officials in Vienna as an autonomous national organization, operated by representatives of the insured and of the government. The main benefits consisted of medical treatment and of payments in case of maternity and death, all financed from contributions by the insured and by the public authorities. The insurance scheme overcame temporary financial difficulties by changes in its benefit rules; the text of the law was reformulated as the Sickness Insurance Act for Federal Employees 1928 (BGBl., No. 293) and amended in details by the Act of 15 December 1932 (BGBl., No. 346).

3. Government Responsibilities in Social Security. The main responsibilities of the government in social security

1. The text of the draft and the supporting arguments are published in Amtliche Nachrichten, 1928, p. 442.

were vested in the Federal Ministry for Social Administration in Vienna,[1] whose functions covered the following matters:

a. Preparation of national legislation on social security;

b. Issuance of regulations and instructions for the execution of the social security laws;

c. Approval of the fundamental decisions of the insurance institutions, particularly their bylaws and changes in them;

d. Supervision of the insurance institutions -- and, in unemployment compensation, the district commissions and unemployment offices -- in the operation of the social security programs.

The last three functions were regulated in details by the various laws on social security and certain definitions were almost uniform throughout all of these laws. The principal aim of supervision was to assure that the social security institutions "respected statutes and bylaws in accordance with the objectives of the programs."[2] The supervising authority could ask for all kinds of information and send its own agents to the meetings of all representative bodies. The federal authority could in cases of grave violations

1. For organization and personnel see Appendix C.
2. German text: "Die Aufsichtsbehörde überwacht die Geberung der Versicherungsträger insbesondere dahin, dass Gesetz und Satzung so beobachtet werden, wie es der Zwerk der Versicherung erfordert."

dissolve the executive organs of the insurance institutions and replace them temporarily by an administrator of its own choice.

Most laws distinguished between "supreme" and "direct" supervision. The supreme supervision was always vested in the Federal Ministry of Social Administration,[1] the direct supervision only in relation to institutions whose territory exceeded the limits of a single Land. Institutions covering a single Land were directly controlled by the Landeshauptmann; institutions with smaller territories, particularly the non-agricultural sickness funds, were controlled by the district authority of the Land government. The boundaries between "supreme" and "direct" control were uncertain, and this dual authority led easily to frictions between the federal government and the Länder.

The Federal Ministry and the Länder authorities also functioned as administrative tribunals in conflicts between various institutions or between the various organs of the same institutions.

1. The co-operation of the Ministry of Agriculture was provided for in the social insurance for agricultural workers; the co-operation of the Ministries for Trade and Transportation and for Finances was provided for in the social insurance for salaried employees.

No common judiciary existed for the whole of the social security program. Disputes between either the insured or the employers on the one hand, and the institutions on the other, were left for decision to "arbitration courts" (Schiedsgerichte), established separately for the various branches of social security. A national system of insurance courts was planned and announced, but such courts were actually never created.

4. Results Achieved by the Republican Reforms. The new programs established by the Austrian Republic and the changes made in the existing schemes brought a high percentage of employees and their dependents into the orbit of social security. The number of persons covered changed, of course, with changes in the level of total employment. The broadest coverage was reached in 1930. The extension of the various programs in this year is given in Table 1.

The balance sheet of social security in Austria in the same year is given in Table 2. During the following critical years, the total expenditures grew until they exceeded 627 million schillings in 1933. While the yield of the contributions declined as a result of the economic crisis, the public subventions grew, and substantial amounts had to be drawn from the reserves.[1]

1. Amtliche Nachrichten, 1935, p. 420, Table V.

Table 1. NUMBER OF PERSONS INSURED IN AUSTRIA IN 1930

Program	Groups Covered (in thousands)						All Groups Together
	Workers	Salaried Employees	Agricultural and Forestry Workers	Railroad Workers	Military Workers and Salt Workers	Federal Officials	
Sickness Insurance	1,021	280	303	172	--	174	1,950
Accident Insurance	600	254	650	--	--	--	986
Invalidity (Old Age) Insurance	16	242	--	4	--	--	262
Unemployment Compensation	737	247	2	87	18	--	1,091
Old Age Assistance	900	--	303	10	--	--	1,213

Source: Amtliche Nachrichten, 1932, p. 132.

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Table 2. INCOME AND EXPENDITURES OF SOCIAL SECURITY IN AUSTRIA IN 1930

a. Income	In million schillings
Contributions of Employers and Insured	449.4
Contributions of the Bund and the Länder	49.2
Advances of the Bund in Unemployment Insurance	51.5
Other Income of the Insurance Institutions	28.2
Total	578.3

b. Expenditures	In million schillings
Insurance Benefits	506.7
Administrative Expenses	40.9
Reserve Funds of Pension Insurance Institutions	20.0
Other Expenditures of the Insurance Institutions	10.7
Total	578.3

Source: Amtliche Nachrichten, 1932, p. 135.

The proceeds from contributions in 1930 were twice as high as they were in 1923, the first year of a stabilized currency in Republican Austria.[1] What the contributions meant for the individual employee and his employer is indicated in Table 3.

Table 3. MONTHLY AVERAGE OF CONTRIBUTION PAYMENTS IN 1929

	For an industrial worker	For a salaried employer
For sickness insurance	9.84 schillings	12.38 schillings
For unemployment compensation:		
(a) regular program	7.45	7.70
(b) emergency grants	1.99	2.20
For old age assistance	1.99	--
For accident and pension insurance	2.90	19.25
	24.17 schillings	41.53 schillings

Source: Lederer, Grundriss, 1st. ed., p. 665.

Expressed in average percentages, the contributions amounted to more than 14 percent of the earnings of an industrial worker, and to more than 13 percent of the earnings of a salaried employee.[2]

5. Limitations upon the Republican Programs. The financial burden resulting from the broadened and liberalized social security schemes produced a growing opposition in business circles.

1. Lederer, Grundriss, 1st ed., p. 664.
2. Ibid, p. 65.

They contended that the total expenditures for social security in Austria accounted for 22 percent of the national payroll and was equal to 9 percent of the money value of the national product. It was also contended that they created difficulties for Austria in foreign trade.[1] The opposition became particularly powerful during the economic crisis of the early thirties, but even before that time the opposition was influential enough to put a damper upon the growth of the social security programs.

This situation is illustrated by the fate of the most important codification of the Republican period, the Workers Insurance Act (Arbeiterversicherungsgesetz) of 1 April 1927 (BGBl., No. 125). This act not only co-ordinated and liberalized the sickness and accident insurance of industrial workers, but also established a program of workers pension insurance covering old age, disability, and premature death. Efforts to create such a program dated back to the Imperial era.[2] The incorporation of the program in the Act of 1927 was due to the demands of organized labor and the Social Democratic Party. But the opposition was able to delay the application of the Act. Claiming that the new scheme involved excessive financial burdens,[3] the majority of the Austrian Federal Council decided, against the votes of the Social Democrats, that the new Act should not be enforced before conditions in Austria reached the level of a special "welfare index."[4]

1. Lederer, Grundriss, 1st. ed., p. 662, n. 1.
2. See above I, B.
3. The annual costs of the old age, survivors, and disability insurance were estimated at 75 million schillings; see Lederer in "Soziale Praxis, II, 1929, p. 79; Lederer, Grundriss, 1st. ed., p. 664, n. 1, gives an estimate of 60 million.
4. This index combined such significant data as the number of unemployed and the levels of internal freight traffic, external trade, and agricultural production.

By a political compromise in 1929 (Act of 12 July 1929; (RGBl., No. 247)), the welfare index was replaced by the provision that the Act should go into effect if the resulting financial burden could be offset by a reduction in general taxes. Later, one of the last Republican governments proposed to open the way for the pension insurance program by making heavy reductions in unemployment insurance. The Social Democrats, on the other hand, suggested taxing government employees and persons with incomes above the insurance limits.[1] While no understanding could be reached about any of these proposals, there was a widespread desire, not confined to the ranks of the Social Democratic opposition, in favor of bringing the pension insurance for workers into force. Discussion of this issue continued to the end of the Republican regime.

Another unresolved issue was the extension of social insurance to the major groups of self-employed.[2] Principles for a special scheme of compulsory insurance covering self-employed had been drafted by the government in 1926,[3] but only those parts relating to the operators of small farms were enacted. This failure to provide economic protection thus

1. See Lederer in Soziale Praxis, 1931, p. 433.
2. The pressure for such extension was already strong in imperial time; see Lederer, Grundriss, 1st. ed., p. 507.
3. Lederer in Soziale Praxis, 1926, p. 445.

contributed seriously to the discontent of the urban lower middle classes.

During the final years of the Republican regime, the decline of employment and the shrinkage of the national income led to higher contribution rates and to emergency cuts in benefits in all branches of social insurance and unemployment compensation. At the same time, there was an increased demand for fundamental reforms. The situation became serious at the height of the depression and almost all branches of social insurance developed deficits and had to use their reserves. Another result of this situation was the unbalancing of the national budget because of the necessity for the federal government to advance funds for unemployment compensation.

D. Social Security under the Austro-Fascist Regime

1. The Policies of the Regime. During its brief career, the Austro-Fascist regime developed three lines of policy in relation to social security:

a. It issued emergency measures that were more or less unavoidable in view of the economic crisis.

b. It extended its fight against its political foes -- Social Democrats as well as National Socialists -- into the area of social security.

c. It prepared a reformulation of the whole social security system.

The most radical and most comprehensive of the regime's emergency measures concerned miners insurance.[1] The Decree of 24 July 1933 (BGBl., No. 326) abolished the Bruderladen and included the miners in the provisions for general sickness insurance. The decree also reorganized the miners pension scheme, introduced more rigid conditions for pension claims, and limited miners to receiving pensions only from their own programs. Other emergency measures introduced serious cuts in the programs of general accident insurance for workers (Decree of 21 November 1933, BGBl., No. 591) and in the pension insurance for salaried employees (Act of 1935, BGBl., No. 56). Another measure reduced the duration of the regular unemployment benefits from thirty to twenty weeks (Decree of 11 April 1933, BGBl., No. 129). By a later decree the emergency grants to the unemployed could be paid partly in victuals instead of cash (Decree of 27 November 1933, BGBl., No. 520). The administrative costs of social security were reduced by a compulsory cut in the salaries paid to the employees of social insurance institutions (Decree of 10 April 1933, BGBl., No. 125).

The political measures of the Austro-Fascist regime in the field of social security were mainly responsible for achieving the destruction of self-government in social security; and of purging political foes from representative bodies and personnel in the field.

1. See above I, C, 2, g.

Self-government in social security was destroyed by the Decrees of 16 February and 23 March 1934 (BGBl., Nos. 97 and 176). These Decrees empowered the federal government to terminate the authority of the existing representative bodies in social security institutions and to appoint extraordinary commissioners in their stead. The federal government used this power in a great number of cases.

The commissioners of the government were authorized to suspend immediately any official of a social security institution. Under an Act of 8 June 1934 (BGBl., No. 66), it was possible to give short-term notice to employees of social security institutions even if such employees were protected against such notice by contract or regulation. These provisions were without doubt used to effect widespread dismissals of employees who did not agree with the regime, particularly of the Social Democrats. (The Act of 8 June 1934 applied also to physicians.)[1]

The representation of the Social Democratic Party in the organs of the social insurance institutions was dealt with by a Ministerial Instruction of 5 March 1934.[2] It explained that the Decrees of 12 and 16 February 1934 (BGBl., Nos. 78 and 100)[3] applied to these organs and to the arbitration courts of social insurance and that members who had been proposed by the Social Democratic Party or by

1. Official interpretation in Amtliche Nachrichten, 1934, p. 263.
2. Amtliche Nachrichten 1934, p. 64.
3. These decrees interdicted the Social Démocratic Labor Party in Austria.

organizations influenced by this Party lost their membership. This application was reaffirmed by a Decree of 2 March 1934 (BGBl., No. 142). These regulations in themselves eliminated the strong influence that the Social Democratic Free Trade Unions had had upon social security administration in Vienna and other cities. Later, the unions were dissolved or voluntarily disbanded in the course of the fascist seizure of power in Austria.

These emergency measures and political acts succeeded in reducing the social security services in Austria and in removing that personnel which was unacceptable to the Austro-Fascist regime. What was attempted in these two connections has been briefly indicated, but what the regime attempted to do in the codification of security legislation requires a more elaborate treatment.

2. Preparing the Codification of 1935. The Austro-Fascist regime planned early to effect a fundamental revamping of the Austrian social security system. This reform was to apply the corporate philosophy of the regime to the structure and operation of social insurance. It was, at the same time, to create a stable financial basis for the social security programs, limit the financial burden upon the Austrian economy, and win popular acclaim by the long-expected introduction of a program of workers pension insurance.

These plans had, however, no time in which to mature. The financial situation of some, at least, of the programs in operation was so serious that the regime decided to act immediately and to aim at only temporary solutions. It did not seem possible even to wait for the full construction of the corporate system of representation. All branches of social insurance, for industrial workers as well as for salaried employees, operated with deficits in 1933, with the exception of sickness insurance for salaried employees.[1] The government recognized that these deficits resulted partly from the economic crisis and that matters did promise to take a better turn in programs that by their nature depended particularly upon the level of employment. These programs included unemployment compensation, workers sickness insurance, and workers accident insurance.

The financial difficulties affecting the scheme for old age assistance and the pensions insurance for salaried employees were, however, of a more or less persistenct nature. These two schemes had not yet reached the balance between the entrance of new beneficiaries and the exit of old beneficiaries because of death or other reasons. The numbers of pensioners, therefore, grew continuously, although with declining speed,

1. For details, see the official explanation (Erläuternde Bemerkungen) to the Act of 1935, Amtliche Nachrichten, 1935, pp. 152 ff.

and the costs of both programs also rose. They increased in old age assistance from 32 million schillings in 1930 to 59 million in 1934, and in the pension insurance for salaried employees from 54 million schillings in 1930 to 86 million in 1934. Under the "pay as you go" financial system[1] this development resulted in a constantly growing burden upon employers, employees, and government.

The government proposed first to lump all branches of industrial social insurance and unemployment compensation together, to pool their financial resources, and to establish in this way a balanced and stable "total budget of social security." Behind this proposal was the assumption that unemployment would steadily decline and that the economies in unemployment compensation could be used to pay the increasing costs of old age pensions. This proposal met, however, with general opposition, even in the official advisory bodies of the regime. The government limited itself, therefore, to the more modest aim of assuring the financial balance in each of the programs separately for a period of five years and of stabilizing the financial obligations in the field of social security for the same period. This aim was embodied in the Act concerning Industrial Social Insurance of 30 March 1935 (RGBl., No. 107).

1. See above I, C, 5.

3. Survey of the Act of 1935. The main features of the Act concerning Industrial Social Insurance 1935 were the following:

a. General Character. As indicated above the Act was not intended to supply the permanent legal basis for social security. Its aim was to balance the various programs of social security financially for a five-year period. The government was directed by the law to re-examine the financial problems of social security during the year 1939 at the latest and to prepare the necessary changes. A preliminary examination of this sort was made in 1937. It led to some changes embodied in the Second Amending Law of 24 December 1937 (RGBl., No. 465) and to the repromulgation of the original act as the Act concerning Industrial Social Insurance 1938 (RGBl., No. 1). But no changes in principles nor regulation were effected.[1]

b. Co-ordination of Programs. The act regulated the the programs for non-agricultural workers as well as the programs for salaried employees. These programs were co-ordinated with each other but were not merged. The pension insurance for miners was combined with the general workers insurance. The codification did not include the insurance program for agricultural workers, which had its legal basis in

1. See the official explanation of the Second Amending Act in Amtliche Nachrichten, 1938, pp. 152-181.

the Act of 18 July 1928.[1] Certain programs for public employees were also excluded.[2]

c. Risks Covered. The act dealt not only with the programs of genuine social insurance for sickness, industrial accident, premature death, old age, and disability, but also with unemployment compensation and old age assistance.

d. Groups Covered. The groups covered were defined separately for workers insurance, for salaried employees insurance, and for unemployment compensation. Inside of each of these branches, the coverage was the same for the various programs. The coverage of workers' accident insurance was extended by the codification to all types of employment, whereas this program previously covered only workers in enumerated dangerous enterprises. This extension of coverage was a project long planned in Austria and now achieved by the Austro-Fascist regime. Workers "on the fringe of the labor market," particularly casual or intermittent workers, were, however, excluded. Furthermore, domestic servants and apprentices were excluded from unemployment compensation, but not from old age assistance.

e. Organization. The Act of 1935 preserved most of the social insurance institutions in existence before the codification. The only major change was the merger of the three territorial accident insurance institutions for workers[3]

1. See above, I, C, 2, b.
2. See above, I, C, 2, h.
3. See above, I, C, 2, d.

into a single Workers Insurance Institution (Arbeiterversicherungsanstalt), located in Vienna; this institution also administered the pension insurance for miners and was eventually to administer the pension insurance for industrial workers. The sickness funds became the local agencies of this new institution, especially in the task of collecting the contributions.

Each social insurance institution, including the sickness funds, remained a separate body with its own legal personality and financial autonomy. The Workers Insurance Institution supervised, however, the sickness funds for workers in the collection and distribution of contributions in the same way as the Central Institution for the Insurance of Salaried Employees (now called Angestelltenversicherungsanstalt), had since 1927 supervised the sickness fund for salaried employees (now called Angestelltenkrankenkassen).[1]

Unemployment compensation, including the emergency grants, was operated by local and regional employment offices (Arbeitsämter and Landesarbeitsämter). Placement and related functions were also under the jurisdiction of these offices. The existing unemployment offices and industrial committees[2] were transferred into the new offices, which became federal agencies under the supreme direction of the Federal Ministry of Social Administration.

1. See above, I, C, 2, e.
2. See above, I, C, 3.

In the field of old age assistance, the employment offices co-operated with the Workers Insurance Institution in the same way as was formerly done by the agencies administering unemployment compensation and the accident insurance institution for workers.[1]

f. Administration of Social Security Institutions. Each social insurance institution was directed and supervised by committees composed of representatives of employers and of the insured. These representatives, who had been elected in Republican times, were now to be appointed by the various corporate bodies characteristic of the Austro-Fascist regime. The first set of representatives was appointed by the Federal Ministry of Social Administration from lists submitted by the corporate bodies, considered as representing employers and workers.

The local employment offices were directed by a federal official (Leiter), appointed by the Federal Ministry of Social Administration. The Leiter, in turn, appointed an advisory committee from representatives of employers and employees; this committee, however, dealt only with questions of placement.

Managing Committees attached to the regional employment offices had broader functions. The Leiter of the employment

1. See above, I, C, 2, b.

offices were the chairmen of the Managing Committees. Their members were representatives of employers and employees, appointed by the Federal Ministry of Social Administration after consultation with the respective corporative bodies. These committees established principles for placement, regulated major questions in unemployment compensation, and dealt with appeals from decisions of local offices in individual cases.

g. Associations of Social Insurance Institutions.

The sickness funds were organized by statute into two national associations: the Hauptverband der Arbeiterkrankenkassen and the Hauptverband der Angestelltenkrankenkassen. These two associations, which replaced the voluntary associations of Republican times,[1] were combined by statute with the Workers Insurance Institution, the Insurance Institution for Salaried Employees, and the Special Insurance Institution for Salaried Employees[2] to form the National Association of Social Insurance Institutions (Reichsverband der Sozialversicherungsträger). The three associations concerned represented the interests of the member institutions (sickness funds as well as pension institutions) before the authorities and other public bodies. The Reichsverband was, in addition, directed by statute to regulate the co-operation between the

1. See above, I, C, 2, c.
2. See above, I, D, 3, e.

various institutions as well as their administration and methods of management. It was also ordered to study the development of the whole social security program, particularly in its economic implications.

All three Associations mentioned above were managed by executive committees, which were composed of representatives of the employers and the insured who had been elected by the member institutions. The executive committee of the Reichsverband was headed by a president, appointed by the Federal Ministry of Social Administration.

h. Organization of Medical Services. A peculiar feature of the codification was the new organization of the medical services in sickness insurance. Prior to 1935, the individual sickness funds for workers and salaried employees had followed separate and different policies in providing medical services, but they were now co-ordinated by statute in regional units, called Arbeitsgemeinschaften. Outside of Vienna, one unit was created for each Land, while in Vienna there were two of these units, one combining the five workers funds, the other the three funds for salaried employees.[1] Endowed with legal personality, the Arbeitsgemeinschaften were directed by executive committees, similar in composition and in the selection of their membership to the executive committees of the Hauptverbände.[2]

1. See Robert Kerber in "Soziale Praxis," 1937, col. 838.
2. See above, I, D, 3, g.

The Gemeinschaften were to assure the medical and dental services for the member funds and to provide drugs and appliances. They were to make common contracts with hospitals and sanitoriums, manage common group clinics, institutions, and pharmacies, and compensate the doctors, dentists, pharmacists, drug manufacturers, and dispensaries and similar institutions. Furthermore, they were authorized to regulate the supervision by the sickness funds of the professional services in sickness insurance.

The statute itself established general principles for the operation of the medical services. In particular, it provided for the following services:

i. Doctors and dentists could be admitted to insurance practice, provided they could satisfy such legal requirements, for instance, as holding a degree from an Austrian university, having practiced medicine for four years, and possessing an "irreproachable attitude as a citizen and as physician." Satisfaction of these conditions did not mean an automatic right to be admitted;

ii. Each doctor or dentist could practice only in a limited area (Sprengel) and the insured were permitted to choose among the doctors of the area in which they lived;

iii. The doctors were in general compensated on the basis of services, not by numbers of patients; the amount available for their compensation was fixed every year as a

portion of the total amount that the individual sickness fund received from the proceeds of the social insurance contributions.

Within the framework of these legal principles, detailed rules were established by the National Association of Social Insurance Institutions with the approval of the Federal Ministry. These rules were incorporated into an Instruction for Social Insurance Physicians (Vorschrift für Sozialversicherungsärzte). The administration of the rules, particularly the admission of doctors and their compensation, was largely in the hands of special physicians' committees (Aerzteausschüsse). Such bodies existed in connection with each of the Arbeitsgemeinschaften; a National Physicians' Committee (Reichsärzteausschuss) co-operated with the National Association of Social Insurance Institutions. Membership on the committees was equally apportioned among the representatives of the insurance institutions and of the physicians.[1] The chairmen were public officials with legal training, who were appointed by either the Landeshauptmann or the Federal Minister.

1. The name "physicians' committees" was misleading because half of the members were not physicians. The Amendment of 1937 substituted the more appropriate name "committees for medical assistance" (Ausschüsse für Arzhilfe). The same amendment created Expert Committees (Fachausschüsse) for dentistry and for the provision of drugs.

i. Financial Policies. Each insurance institution formed a separate financial unit. Unemployment compensation, on the other hand, had a single national budget, which also covered old age assistance.

The rates of contributions were fixed by the statute; the total of contributions due for all branches of social security amounted to 20 percent of the payroll for the majority of industrial workers and salaried employees; for groups not covered by unemployment insurance, like domestic servants and apprentices, the rate was set at 12 percent of their earnings. The statute defined further the portions of this total going to the various branches of social insurance. For workers insurance these portions were to remain the same during the whole five years for which the codification was valid.[1] For the insurance for salaried employees the portion for pension insurance was gradually to increase and the portion for unemployment insurance to decrease. In the initial year of the codification, the distribution among the main branches of social security revealed the results shown here:[2]

1. See above, I, D, 3, d.
2. Taken from Pernitza, Rudolph, Kerber, Die Gewerbliche Sozialversicherung, Vienna, 1936, p. 178.

ALLOCATION OF CONTRIBUTION PROCEEDS TO VARIOUS PROGRAMS IN 1935

	Workers (In percentages)	Salaried Employees
Sickness insurance	31.25	21.25
Accident and Invalidity (Miners) insurance	8.75	52.50
Unemployment Compensation and Old Age Assistance	60.	26.25

Each program of social insurance was expected to balance its expenditures from contributions, and there were no provisions for public subventions. If an institution met with financial difficulties, the National Association of Social Insurance Institutions was expected to propose either adequate legislation or administrative interventions.

The costs of unemployment compensation and old age assistance were, as in Republican times, advanced by the federal government. It was reimbursed by contributions from employers and workers within the statutory limits, by subventions from the Länder, and by an allocation from federal moneys to be fixed annually by the national budget.

j. Changes in the Schemes of Contributions. In Republican times, the workers paid two-thirds of the contributions for sickness insurance, but did not pay contributions to accident insurance. Under the new Act,

all contributions, including those for sickness and accident insurance, were, for the majority of the insured, shared equally by the insured and their employers. The result was that the employees in the lowest income brackets enjoyed a decrease of their financial burden (in the extreme cases from 14.7 percent of their earnings to 10 percent) while the insured in the higher wage brackets paid somewhat more than before. Similar changes occurred in the amounts to be paid by the employers.

k. Uniform Contribution Rates in Accident Insurance. An important detail in the contributory phase of workers accident insurance was the fact that contributions were no longer graduated in relation to the risk of accidents and the level of safety in various enterprises. However, the executive committees of the sickness funds could impose a supplementary contribution upon employers who violated regulations on safety or hygiene.

l. Level and Conditions of Benefits. In all branches and programs of social insurance, as well as in unemployment compensation and old age assistance, cash benefits and allowances were subject to serious cuts and frequently also to restrictive conditions. The object of those reductions was to assure the financial balance of the programs and to stabilize the rates of contributions.[1] For instance, the

1. For details see the official explanation (Erläuternde Bemerkungen) to the Codification of 1935, Amtliche Nachrichten, 1935, pp. 163 ff.

rates of the main cash benefit (Krankengeld) in workers sickness insurance were cut by percentages ranging from 5 to 41 percent; the duration of the benefit was limited to fifty-two weeks at the maximum, and a waiting period of three days was introduced. Maternity benefits were also reduced, but family benefits remained optional, dependent upon the financial situation of the individual sickness fund. Corresponding reductions were introduced into the program of sickness insurance for salaried employees, the statutory family benefits were restricted, and no optional family benefits were allowed. In accident insurance, the pensions for workers who were less than 50 percent incapacitated were reduced by 10 percent, while all accident pensions of salaried employees were cut by 14 percent. The most serious cuts were made in the pension insurance for salaried employees, at least during the earlier phases of this program. For the insured who had a record of contributions for ten years, for example, the cuts amounted to 22 percent.

The provisions on unemployment compensation[1] distinguished as before,[2] between regular insurance benefits and emergency grants (Notstandsaushilfen). The regular benefits continued to depend upon a test of need; the Act provided, moreover, for national rules on this test to be promulgated by the Federal Ministry.[3] The period of qualifying employment was

1. For details see Ibid., pp. 193 ff.
2. See above, I, C, 2, a.
3. They were never promulgated.

extended, but irregular workers or persons with agricultural work experience were still excluded from the unemployment benefits. Special restrictions were provided for seasonal workers. The minimum duration of the regular benefits was, on the other hand, extended twenty weeks, instead of twelve weeks as before. The schedule of benefits was thoroughly changed, not only by its connection with the changed rates of sickness benefits, but also by the preferential treatment accorded the lowest wage groups and the breadwinners for large families. (The government, however, claimed that the average rates of benefits were almost the same as in former times.) Before the law came into effect, the emergency grants were reserved for those unemployed who had exhausted their claim for insurance benefits; under the law such grants were allowed for those unemployed who did not hitherto qualify for such benefits because of insufficient periods of previous employment. The rates of the emergency grants were, as before, fixed by the regional offices, in accordance with general principles to be established by the Federal Ministry.

No essential changes were made in the rules concerning conditions for and the amount of old age assistance.1

m. Workers Pensions. In a manner similar to the Workers Insurance Act of 1927, which never came into force,

1. See above, I, C, 2, b.

the Act of 1935 provided for a program of pension insurance for workers, a goal long sought in Austria. The program was not, however, supposed to come into effect immediately, but only "when the Austrian economy appeared capable of bearing the additional burden and when, as the result of less unemployment, funds needed at present for unemployment compensation could be used for the current expenditures of pension insurance."[1]

The new scheme of pension insurance differed from the program of 1927. The pension rates corresponded to the prevailing rates of old age assistance. Their scale did not depend upon the numbers of contributions, but upon wage classes and family status. The rates in the lowest wage classes were somewhat higher than was provided for in the Act of 1927, but were much lower in the higher classes, particularly for single persons.

The miners remained the only group of workers covered by a scheme of pension insurance. Conditions and rates were not changed by the Act of 1935.[2]

4. Further Developments under the Codification of 1935.

The enforcement of the Act of 1935 required an enormous amount of legislative and administrative activities. The legislative measures were embodied into two amending laws (Novellen) of 9 July 1936 (BGBl., No. 220) and 24 December 1937 (BGBl., No. 465),

1. Sec. 196, Act of 1 April 1935.
2. See above, I, C, 2, 9.

and in eight decrees regulating the application of the law. The administrative activities were directed by very detailed instructions of the Federal Ministry, particularly in the fields of unemployment compensation and old age assistance.[1] Another phase of these administrative activities was the selection of thousands of new representatives of employers and employees for the organs of self-government connected with the various social insurance institutions and the new agencies of the employment service.

The codification of 1935 was based largely upon technical discussions and drafts of pre-fascist times. Its high technical standards could not fail to impress experts. However, important details met with criticism, practical difficulties, and even resistance, quite apart from any fundamental opposition against its peculiar fascist features. Criticism was directed especially against the uniform rate of contribution in workers accident insurance, for it was contended that this change destroyed a most important incentive toward safety measures.[2] It was contended that the financial problems of pension insurance for salaried employees had not been seriously attacked but only patched up for a short period. The salaried employees complained that they paid the same total contribution as the industrial workers, in spite of their much smaller risk of unemployment. These

1. See, for instance, Amtliche Nachrichten, 1935, pp. 265 ff., 582 ff.; 1936, pp. 176 ff.
2. Karl Müssiter in Versicherungsarchiv, April 1937, pp. 733 ff.

middle-class groups decried the whole codification as "bolshevist," because of its centralizing and equalizing tendencies.

The cuts in cash benefits seemed, on the whole, to be accepted, and even with the cuts these benefits, in most cases, remained in line with international standards or even exceeded them. For example, although the insured were not in favor of it, the introduction of a short waiting period in sickness insurance was in accordance with these standards.[1] The low benefit rates created special resentment among skilled workers and salaried employees, who were still seriously underinsured under the new Act as they had always been under Austrian social security legislation.

The greatest frictions, amounting to open resistance arose from the new organization of the medical services. The opposition was directed not only against the compulsory Arbeitsgemeinschaften, but also against the detailed rules governing the status of physicians in sickness insurance.[2] The opposition led not only to "suggestions" of repeal from the Federal Economic Council, but also to a serious slow-down of the whole organization. The government made some concessions to this opposition in the second amending act.

1. Official Explanations to the Second Amending Act, Amtliche Nachrichten, 1938, p. 154.
2. Robert Kerber stated in Soziale Praxis, 1937, col. 839, that in none of the Länder had the Arbeitsgemeinschaften become fully active. A similar statement was made by the government itself in the official explanation of the Second Amendment.

While all these reactions came largely from groups, close, or at least not hostile, to the authoritarian regime, the sentiment of the suppressed political opposition had no chance to make itself heard. Without doubt, great numbers of the insured workers deeply resented the fact that, behind the façade of a continued self-government, only those individuals were admitted to the organs and offices of the social social security institutions and agencies who were stamped by the regime as "patriots" and "good citizens" (vaterländisch," "staatsbürgerlich"). While the statute itself did not provide for any political, religious, or racial discrimination against claimants for benefits and allowances, it put enough discretion into the hands of its administrators to make political discrimination possible and very probable. Finally, industrial workers must have felt considerable disappointment over the continued failure to enact their pension insurance program.

5. Programs Not Covered by the Codification of 1935.

The Austro-Fascist regime planned and announced a reform of the program for agricultural workers and employees,[1] but actually accomplished only a set of "preliminary measures," embodied in the Act of 1936 (BGBl., No. 264), which restricted the self-government of the various institutions and replaced the election of the representatives of workers and employers by their appointment through the respective corporate bodies. The sickness insurance program for government officials[2]

1. See above, I, C, 2, f.
2. See above I, C, 2, h.

was amended only in some minor details.

6. Government Responsibilities in Social Security. The appointment of extraordinary commissioners for the direction of social insurance institutions[1] involved the direct responsibility of the federal government for the operation of such institutions. The power to make such appointments was not confirmed by the Code of 1935. The Austro-Fascist government was, in the long run, satisfied with the political guarantees that could be expected from the "purified" type of self-government provided for by the Code.

The rules on supervision by government departments remained essentially the same as they were under the Republican laws.[2] The district authorities were, however, eliminated. The supervision of institutions whose territory did not exceed the boundaries of a Land was centralized in the hands of the Landeshauptmann.

The judiciary structure of social security was more closely co-ordinated. One tribunal (Schiedsgericht) in every Land decided on claims based upon the various social insurance programs outside of agriculture. The chairman was appointed by the Minister of Justice in agreement with the Minister of Social Administration. The assessors -- who represented the insured groups and employers -- were appointed by the respective corporate bodies.

1. See above, I, D, 1.
2. See above, I, C, 3.

The decisions of the Schiedsgerichte were subject to review by the Federal Supreme Court, but only if the Minister for Social Administration requested such action.

7. Results Achieved by the Fascist Policies. Complete statistical reports on the social security programs under the Austro-Fascist regime are available only for the year 1935, the first year under the codification,[1] but they show no drastic changes compared with the Republican period. The data are presented in part in Appendix D.

E. Social Security in Austria after the Annexation by Germany

1. Legal Changes. The annexation of Austria by the German Reich on 13 March 1938 was followed almost immediately by the announcement that the German pension insurance for workers (Invalidenversicherung) would be extended to Austrian workers at a date to be fixed by the German Minister of Labor (Decree of 26 March 1938 -- German RGBl., I, 335). In addition, the new administration soon took two other steps in the field of social security:

a. Changes were made in unemployment compensation, particularly in extending the coverage of the emergency grants and the payment of these grants without time limit (Act of 29 April 1938 -- Austrian BGBl., No. 206).

1. Amtliche Nachrichten, 1937, pp. 418 ff.

b. Austrian local and regional employment offices (Arbeitsämter, Landesarbeitsämter) were integrated into the German national employment service (Decree of 20 May 1938 — German RGBl, I, 591).

These preparatory steps were followed by the most drastic and comprehensive revision of the Austrian social security system through the introduction in Austria of the four fundamental German Acts on social security by the Decree of 22 December 1938 (German RGBl., I, 1912, Austrian BGBl., No. 703):

a. The Reich Insurance Code (Reichsversicherungsordnung) of 19 July 1911 (RGBl., p. 509);

b. The Insurance Act for Salaried Employees of 28 May 1924 (RGBl, I, 563);

c. The Miners Insurance Act (Reichsknappschaftsgesetz) of 1 July 1926 (RGBl., I, 369);

d. The Act concerning Placement and Unemployment Insurance of 16 July 1927 (RGBl., I, 187).

These laws were introduced with all their amendments and supplements, particularly the laws and decrees of the German Nazi regime. However, when the German laws came into force on 1 January 1939,[1] changes in important details were made.

1. The Decree of 22 December 1938 postponed the application of the German provisions concerning total and partial unemployment benefits. These provisions came into force by the Orders of the Reich Minister of Labor of 14 January and 15 March 1939 (RGBl., I, 46 and 141).

The Decree of 22 December 1938 was supplemented and interpreted by a Decree of 9 February 1939 (RGBl., I, 196) and two Decrees of 5 February 1940 (RGBl., I, 270 and 279).[1] It was subsequently amended in a number of details. However, in its general lines, the Decree of 22 December 1938, an unusually well-conceived and clearly expressed legal product, remained the basis for all the fundamental changes in the Austrian program.

2. Changes in Principles. In accordance with the general policy applied by the Nazi regime to Austria (soon to be called Alpen und Donau Reichsgaue)[2], no separate social security system subsisted for this section of the Greater Reich territory. The Austrian territory and the people in it became subject to the German system; regional variations were provided only to the same degree as for other regions of the Reich.

Compared with the status of social security under the Austro-Fascist regime, the introduction of the German system implied a number of major changes in principles:

1. A "First Decree" of the German Statthalter in Austria concerning the Introduction of Social Insurance in Austria of 10 January 1939, published in Amtliche Nachrichten, 1939, pp. 7 ff., had essentially a temporary character.
2. See Civil Affairs Guide: The Administrative Separation of Austria from Germany.

a. The Distinction between Social Groups Narrowed. The separate branches for non-agricultural workers, for salaried employees, and for agricultural workers, characteristic of the Austrian system since Imperial times, were now largely merged. The German system separates salaried employees from workers only in pension insurance and separates agricultural labor from non-agricultural labor only in accident insurance. It includes, on the other hand, a separate scheme of social insurance for miners, which, more comprehensive than the Austrian practice, covers sickness as well as disability, old age, and death.

b. Co-ordination between Programs Lessened. The various programs are less well-co-ordinated, because the German system provides for neither a single, uniform contribution rate for all programs together, nor uniform rules for coverage and, to a certain degree, for the computation of benefits. In contrast, the Austrian systems since 1935 had provided for a uniform rate of contribution.[1] Under the Nazi regime progress was to be made in the simplification and co-ordination of the various social insurance institutions, but the organizational structure of the German social security system is still separately conceived for each program, and the various organizations are only partly and loosely interconnected. Moreover, no over-all combination of social insurance

1. An important step in the direction of uniform rates was made during the war by the Second Decree concerning the Simplification of the Wage Deductions of 24 April 1942, (RGBl., I, 252).

institutions exist which is comparable to the National Association created under the Austrian Act of 1935.[1] Instead, the various types of German institutions are combined in separate associations, and only the associations of sickness insurance funds have an official character.

c. The Leadership Principle Replaces Self-Government. A common feature of the former Austrian and the new German system is the administration by autonomous institutions, not by government agencies. This development was found at least in the field of social insurance proper, but not including unemployment compensation and old age assistance. The Nazis now introduced their leadership principle (Führerprinzip) into the administration of these institutions. The leaders are appointed for some institutions of national importance by the Führer. For other institutions the Gau Statthalter or the supervising government authority makes the appointments, and for certain types of sickness funds the guild or the individual employer has the power of appointment. The representatives of the insured and their employers are reduced to advisory functions in the Beiräte of German origin. The corporate bodies that appointed these representatives under the Austrian Act of 1935 disappeared, insofar as they already existed, and these representatives are now appointed by government agencies functioning as "control authorities" (Aufsichtsbehörden),

1. See above I, D, 3, g.

who before making appointments consult Party organizations like the German Labor Front and the Reich Peasant Leader.[1]

d. Political and Racial Discrimination Introduced. To the policy of political discrimination, established under the Austro-Fascist regime,[2] there was now added the racial discrimination characteristic of the Nazi regime. To be an official of a social insurance institution or a member of an advisory committee, a person has to be of "aryan" descent and has to give assurances that he "always protect without any reserve the National Socialist State." A purge of the Austrian officials and public employees, consequently, was initiated by the Decree of 31 May 1938 (RGBl., I, 607). By extending the Decree of 6 October 1938 (RGBl., I, 1391) to Austria, the Jews were eliminated from the medical services in sickness insurance -- with the exception of services to the few remaining Jewish insured -- by the Decree of 9 February 1939.[3]

3. Changes in Organization. In the course of a few months, the Austrian organization of social security was almost entirely

1. See the Act concerning the Structure of Social Insurance (Gesetz über den Aufbau der Sozialversicherung) of 5 July 1934 (RGBl., I, 577) and the 16 Decrees for its application, particularly the Fifth Decree of 21 December 1934 (RGBl., I, 1274), the Seventh Decree of 25 May 1935 (RGBl., I, 694), and the fourteenth Decree of 25 April 1936 (RGBl., I, 400).
2. See above, I, D, 1.
3. See above I, E, 1.

identified with the German administrative structure. This change led to the following results:

a. Sickness Insurance. In the field of sickness insurance, the territorial funds were changed into the "local funds" (Ortskrankenkassen) of the German system, although the areas remain largely unchanged.[1] The activities relating to sickness insurance of the separate Austrian funds for salaried employees and the special institutions for pharmacists and newspaper employers are merged with these local funds. To reconcile the salaried employees to the loss of their hitherto jealously guarded separate institutions, special sections for salaried employees were established in the local funds, in accordance with section 415 of the Reich Insurance Code. The Austrian agricultural sickness funds[2] became German "rural funds" (Landkrankenkassen). Other types of sickness funds, like guild funds and employers funds, were easily transformed into the corresponding German types of guild funds (Innungskrankenkassen) and employers funds (Betriebskrankenkassen). However, the Austrian employers funds in the mining industry were merged with the Reichsknappschaft.

1. For the various institutions of sickness insurance in Germany see the Civil Affairs Guide: Sickness Insurance in Germany. This Guide should be consulted for all other statements on German sickness insurance.
2. See above, I, C, 2, f.

the single national institution, dealing with all programs of miners insurance in Germany.

Special employers funds were established for such large branches of the Reich administration in Austria as the waterways, the postal services, and the Reich Railroads. These funds remained separate units even after the various sickness funds of the Reich and the Reich Railroad in the old parts of the Reich were merged into big national units in 1939. However, the newly created Betriebskrankenkasse des Reichs in Berlin administered the sickness insurance of civilian employees of the Armed Forces in the Austrian territories through two branch offices: in Vienna for the Gaue Wien, Niederdonau, and Oberdonau; in Graz for the other Gaue (Order of the Reichs Labor Minister, 11 January 1940, RABl., II, 15).

The much opposed Arbeitsgemeinschaften of the Austrian sickness funds, established by the Austro-Fascist regime,[1] were dissolved. Their functions were partly shifted as "common tasks" either to the Workers Pension Insurance Institutions (Landesversicherungsanstalten),[2] or to the German National Associations of Sickness Funds, or they were returned to the individual funds. The two Austrian Central Associations of Sickness Funds[3] were merged with the German National Associations.

1. See above, I, D, 3, h.
2. Such "common tasks" are, in accordance with the German Decree of 18 December 1934 (RGBl., I, 1266), the supervision of the medical services, measures of preventive medicine, and the administration of reserves.
3. See above, I, D, 3, g.

b. Accident Insurance. The organizational changes in accident insurance were particularly far-reaching. The public bodies administering accident insurance in Austria since 1935 -- the Workers Insurance Institution, the Insurance Institution for Salaried Employees, and the five Insurance Institutions for Agricultural Workers -- were abolished. Accident insurance is now administered by the characteristic institutions of the German program: the "mutual trade associations" (Berufsgenossenschaften), the "municipal accident insurance associations" (Gemeindeunfallversicherungsverbände) and the various branches of government, among them the Reich, as self-insurers.

The German scheme distinguished two types of mutual trade associations, the so-called industrial (gewerbliche) associations, covering all activities outside of agriculture, and the agricultural associations. Non-agricultural associations covering the whole of the Reich territory now extend to the former Austrian territory. However, some of the activities which were under the jurisdiction of special associations in old Reich were combined in Austria with other activities into the same association. Some associations of a regional character, like the Bavarian Association for Wood Trades and the South German Textile Association, were extended to Austria. Finally, two separate associations were established for Austria, the Mutual Trade Association for Iron and Metal in the

Ostmark (Ostmärkische Eisen- und Metall Berufsgenossenschaft), and the Mutual Association for the Building Trades in the Ostmark (Ostmärkische Bauberufsgenossenschaft). Both associations are located in Vienna and cover activities that in the old Reich were distributed among several associations.[1] Agricultural associations were also established in connection with the regional organizations of the Food Estate (Reichsnährstand) and the Regional Peasant Associations (Landesbauernschaften).

The accident insurance of municipal workers and employees -- and also the accident insurance of domestic servants -- are administered by four Municipal Accident Insurance Associations (Gemeindenunfallversicherungsverbände) including all municipalities of the Austrian Gaue. They were combined with the four Workers Pension Insurance Institutions (Landesversicherungsanstalten) in Vienna, Linz, Salzburg, and Graz, and covered the same territories.[2]

The Reich was established as a self-insurer for the employees by an Order of the Reich Labor Minister of 15 June 1939 (RABl., IV 307). Another order of the same Minister stated expressly that the insurance of Reich employees was to be administered in Austria by the same governmental agencies

1. For details see section 16 of Decree of 9 February 1939.
2. By an Order of the Reich Labor Minister of 6 March 1939 (RABl., IV, 129) these territories were temporarily defined as: the former Austrian Länder Vienna and Lower Austria for Vienna; Upper Austria for Linz; Salzburg, Tirol, Vorarlberg, and Carinthia for Salzburg; Styria for Graz.

(Ausführungsbehörden) as in the old Reich territory (Order of 3 April 1940 -- RABl., II, 121). Outstanding among these agencies is a central authority in Berlin, the Reichsausführungsbehörde für Unfallversicherung; this agency is directly subordinated to the Reich Insurance Office (Order of Reich Labor Minister 23 December 1939 -- RABl., 1940, II, 12). The Deutsche Reichsbahn became the insurance institution for railroad employees formerly belonging to the Federal Austrian railroad system, and the Accident Insurance Institution of this latter system was dissolved.

c. Workers Pension Insurance. Under the Austrian Act of 1935, the planned, but never realized, workers pension insurance was to be administered together with accident insurance by the Workers Insurance Institution. The German system separates the administration of these two branches of social insurance. As mentioned above, the Workers Insurance Institution was abolished. Workers pension insurance, now a full-grown program, is administered in Vienna, Linz, Salzburg, and Graz by four regional insurance institutions (Landesversicherungsanstalten) of the German type,[1] and by two special institutions (Sonderanstalten) of national character: the Reichsbahn-Versicherungsanstalt in Berlin for the employees of the German Railroad; and the Maritime Fund (See-Kasse),

1. For the territories of these institutions see preceding note. As to the structure and constitution of the Landesversicherungsanstalten see the Third Section of the Fourth Book of the Reich Insurance Code.

an agency of the Maritime Mutual Trade Association (See-Berufsgenossenschaft) in Hamburg, for the members of the merchant marine.

d. Miners Insurance. The abolition of the Workers Insurance Institution also uprooted the administration of miners pension insurance that had been entrusted to this institution under the Act of 1935. Miners pension insurance is now administered by the National Miners Insurance Institution (Reichsknappschaft) in Berlin, together with the sickness insurance for miners. A regional agency of this institution (Bezirksknappschaft), covering the Austrian territory was established in Leoben.

e. Pension Insurance for Salaried Employees. The pension insurance of salaried employees, furthermore, is administered by the Reich Insurance Institution for Salaried Employees (Reichsversicherungsanstalt für Angestellte) in Berlin.[1] At the same time, the Austrian Insurance Institution for Salaried Employees was abolished along with the special Insurance Institutions for agricultural employees, newspaper employees, and pharmacists.[2]

1. For the structure and constitution of this institution see the Third Section of the Insurance Act for Salaried Employees of 20 November 1911 (frequently amended).
2. The Third Decree of 5 February 1940 (RGBl., I, 279) provides for the liquidation of several small substitute institutions that still survived from the time of the old Monarchy.

The Reich Insurance Institution has no regional or local agencies. Up to 1935, the institution was locally represented by elected honorary "confidential agents" (Vertrauensmänner) but this arrangement was abolished by the Nazi regime. For the distribution and collection of its insurance books (Versicherungskarten) in Austrian territory the institution uses the sickness funds and municipalities, according to Orders of the Reich Labor Minister of 6 January 1939 (RABl., IV, 38) and of 27 December 1940 (RABl, 1941,I, 3). Under war regulations, the contributions for the pension insurance for salaried employees are collected by the sickness funds.

f. National Association of Social Insurance Institutions.

The National Association of Social Insurance Institutions (Reichsverband der Sozialversicherungsträger), the over-all combination of social insurance institutions established by the Act of 1935,[1] has no successor under the German system. Some of its functions in the field of sickness insurance were shifted to the Common Agency (Gemeinschaftsstelle) of the Workers Pension Insurance Institutions with the Reich Insurance Office in Berlin, which was created to undertake functions of a national character by the German Decree of 25 May 1935 (RGBl., I, 694).

1. See above I, D, 3, g.

g. Unemployment Compensation. The organization of unemployment compensation in the Austrian Gaue duplicates the separate phases which appeared in the Old Reich. The contributions are collected by the sickness funds but are transferred immediately through the regional employment offices (Landesarbeitsämter) to the Reich Fund for Labor Allocation (Reichsstock für Arbeitseinsatz) in Berlin. This latter institution was organized as a public fund and endowed with legal personality; it is administered by officials who belong formally to the Reich Ministry of Labor, but actually worked under the German Commissioner General for Labor Allocation. Its means are used not only for the financing of unemployment compensation but also for the subvention of pension insurance, marriage loans, and other obligations of the Reich. Its assets are kept in the Central Fund of the Reich Treasury (Reichshauptkasse).[1]

The benefits and allowances of unemployment compensation are administered and paid out by the local employment offices under the supervision of the regional employment offices. Before the war, the public welfare offices participated in examining the need of the unemployed and, in certain cases, paid supplementary allowances. After the German Decree of 5 September 1939 (RGBl., I, 1674), the care of the unemployed was given exclusively to the employment offices. Local and

1. For details about the Reich Fund for Labor Allocation see Civil Affairs Guide: Unemployment Compensation in Germany.

regional employment offices are integrated into the German Administration of Labor Allocation (Arbeitseinsatzverwaltung). At the time of the Anschluss, the whole of this administration formed the Reich Institution for Placement and Unemployment Insurance (Reichs Anstalt für Arbeitsvermittlung und Arbeitslosenversicherung), an autonomous institution under the supervision of the Reich Ministry of Labor. The Austrian offices became agencies of this body (Decree of 20 May 1938 -- RGBl., I, 591). Later, the German employment offices became immediate parts of the Reich administration; belonging formally to the Reich Ministry of Labor, they are actually subordinated to the Commissioner General of Labor Allocation.

Seats and areas of local and regional offices in the Austrian territory were re-defined several times after the Anschluss. The first basis was the Decree concerning the Administration of Labor Allocation, of the Reich Trustees, and of the Factory Inspection in the Ostmark of 7 March 1940 (RGBl., I, 552): this Decree provided for the establishment of four regional employment offices with seats in Vienna, Linz, Graz, and Innsbruck. They were replaced in 1943 by Gauarbeitsämter with territories mostly identical with the Gaue. A list of the Gauarbeitsämter and of the twenty-four local offices, as established by the Order of the Reich

Labor Minister of 19 April 1940 (RABl., I, 195) is given as Appendix E.

4. Changes in the Personnel of Social Insurance Institutions. The personnel of the Austrian Social Insurance Institutions, who first had been purged by the Dollfuss-Schuschnigg regime,[1] underwent a second purge in the course of the reorganization of social security by the Nazis in spite of the special protection extended by the Decrees of 22 December 1938 and of 9 February 1939 to the employees of abolished institutions. The Decrees postulated -- but without ordering it strictly[2] -- that these employees should be used by the agencies that took over the functions of the former institutions. The employees had to accept any job compatible with their qualifications, but were guaranteed their old salaries and their pension rights. However, many of these officials and employees were affected, without doubt, at the same time, by the introduction of Nazi legislation on public officials, by the racial legislation, and still more perhaps by the broadly practiced principle that "to the victor belong the spoils."

5. Changes in the Supervision of Social Insurance Institutions. A feature of the German system, without precedent in the Austrian tradition, is the supervision of the social insurance institutions by special government agencies, called insurance authorities (Versicherungsbehörden).

1. See above I, D, 1.
2. The Reichsstatthalter could order the transfer in individual cases and certainly used this power for Party Members.

In Austria, the Federal Ministry of Social Administration had supervised those institutions and associations that covered territories larger than a single Land, while institutions covering territories not exceeding the area of a Land were supervised by the Landeshauptmann.[1] The German system has three levels of specialized insurance authorities: the local insurance offices (Versicherungsämter) which cover regularly the area of a city or county; the superior insurance offices (Oberversicherungsämter), which cover regularly a district (Regierungsbezirk); and the Reich Insurance Office in Berlin for the whole territory of the Reich. The Reich Ministry of Labor in Berlin has supreme supervision over and direction of the whole field of social insurance. The local offices supervise the sickness funds; all other insurance institutions are controlled by the Reich Insurance Office. The superior insurance offices co-operate with the other insurance authorities in special matters as specified by the statutes.[2]

In this particular field, the regulation for Austria differs from that for the Old Reich. According to the Second

1. See above, I, D, 6.
2. For details about the organization of the German insurance authorities see the Third Section of the First Book of the Reich Insurance Code, as amended by the Nazi legislation, particularly Section IV of the Act of 5 July 1934 and Section I of the Fifth Decree of 21 December 1937 (RGBl., I, 577 and 1274), and Civil Affairs Guide: Sickness Insurance in Germany.

Decree of 5 February 1940 (RGBl., I, 270), the functions of the insurance offices in the Austrian Gaue are carried out by the superior insurance offices, of which there are six in Austria. (Their seats and territories are given in Appendix F.)

The character of the supervision under the German system differs from the character of supervision under the Austrian regime. Under the Austrian Act of 1935, the supervising authorities were to give their attention "particularly to the question whether or not the statutes and bylaws were respected in accordance with the objectives of social insurance." They had therefore only limited power to intervene in matters of policy. The German definition of supervision in social security, as established by the Nazi regime, authorizes the control agencies "to extend their supervison to questions of policy" (Zweckmässigkeitsfragen); they are advised, however, to use this power only in important questions and "not to interfere without necessity with the autonomy and responsibility of the insurance institutions."

The supervisory tasks of the insurance authorities in the Austrian Gaue were supplemented by the control of the Reichsstatthalter. According to the Act concerning the Structure of Administration in the Ostmark of 14 April 1939 (RGBl., I, 777), these officials can give directions to the institutions and agencies of social insurance, subject to review by the

Reich Labor Minister as supreme authority of the Reich in this field. The Workers Pension Insurance Institutions[1] are directly subordinated to the Reichsstatthalter of the Gau in which they are located; his substitute in this capacity is the Gauhauptmann.

In addition, the Reichsstatthalter exercises most of the special administrative functions in social insurance that the German statutes reserve to the state governments. These functions -- most of them non-political in character -- are enumerated in a Decree of the Reich Labor Minister of April 1940 (no date; RABl, II, 137).

6. The Coverage of the Social Security Programs. The Austrian codification of 1935 defined the groups covered by the various social security programs, with the exception of agriculture, in terms of uniform formulas. The special formula defining the coverage of the various social insurance programs for agricultural workers was also uniform. In terms of coverage, however, unemployment compensation was somewhat limited. The German social security system, on the other hand, applies different formulas of coverage in its various programs. In addition to this difference in general approach, the Austrian and German systems varied also in specific points. These points, however, lost their importance by later extensions

1. See above, I, E, 3, c.

of the coverage under German laws.

During the transition from the Austrian to the German system, the Decree of 22 December 1938 treated sickness and pension insurance differently from accident insurance. Persons who were covered by Austrian programs of sickness and pension insurance on 31 December 1938 remain insured even if they were not covered by the German programs. The regulation in accident insurance went further. The Austrian provisions on coverage continue to be applied in the Austrian Gaue,[1] but the exemptions from this coverage were after 1941, defined by the German provisions (Decree of 26 June 1941, RABl, II, 264). Such exemptions are limited, on the whole, to officials, soldiers, and similar persons who, in case of accidents, had statutory rights for compensation against public authorities.

The coverage of unemployment compensation was not very different during the transitional period. Later, the situation changed. Every unemployed person is now admitted to the benefits of unemployment relief. However, agricultural workers, domestic servants, and apprentices did not pay contributions to the funds of unemployment compensation.

Special provisions were made for elderly workers and employees who were not covered by pension insurance in Austria, but would be covered by the broader German programs of pension insurance. According to the Decree of 22 December

1. The difference between the Austrian and German definition of coverage in accident insurance was practically abolished by the German Act of 9 March 1942 (RGBl., I, 107).

1938, such persons can apply for exemption from pension insurance, if they have reached the age of fifty before 1 January 1939.

7. Level and Conditions of Benefits.

a. General Principles. The Decree of 22 December 1938 established the general principle that claims for benefits originating after 31 December 1938 should be treated according to the German statutes. This principle applies to all branches of social security except unemployment compensation. Claims that had originated before the date designated are to be treated according to the former Austrian statutes. Furthermore, this principle implies in particular that benefits fixed under the Austrian system and currently paid at the date of transition are to be paid according to the former rules as long as they continued to run.

However, this principle was amended during the subsequent years in three important points:

i. According to the Second Decree of 5 February 1940, the German provisions relating to most questions concerning termination, suspension, and revision, are to apply to Austrian pensions from accident and pension insurance and from old age assistance. This Decree brought into effect an entire complex of detailed and technical provisions, whose application is, on the whole, to the advantage of the beneficiaries.[1]

1. For details see Artur Rudolph, Das Sonderrecht der Rentenversicherung in den Alpen- und Donau Reichsgauen (The Special Legislation on Pension Insurance in the Alpen and Danube Gaue), in RABl., 1943, II 257.

ii. The Reich, during the war, increased the rates of Austrian pensions by introducing supplementary pensions (Zusatzrenten) and supplements to the original pensions (Zuschläge), in accordance with corresponding measures applied to German pensions (Decrees of 10 December 1942 -- RGBl., I, 697; and of 12 October 1943 -- RGBl., I, 565).

iii. In accident insurance the Austrian pensions were re-examined and redefined according to the German provisions.

b. Benefits from Pension Insurance. The German regime faced a number of important issues in the field of pension insurance. These issues arose as a result of the following reasons:

i. Austria had no pension insurance for workers;

ii. The salaried employees in Austria had higher pension rates than the employees in the Old Reich;

iii. The Austrian pension insurance for miners was poorly developed, as compared with the German program, even before this program reached the lavish development of the present period.

c. Workers Pensions. If they were to adhere to conservative methods, the Germans could not have granted pensions to the Austrian workers before these workers had build up credits for themselves by contributing to the German

scheme over an adequate period. Even after the lapse of this recognized period, actuarial principles did not permit an Austrian pension scheme to pay pensions comparable to those the German workers had created for themselves by extended records of insured employment and paid contributions.

For political reasons, however, the Germans neglected these conservative methods and principles. Consequently in behalf of the Austrian workers, the Germans established the so-called "Austrian pre-service periods" (Oesterreichische Vordienstzeiten), which were considered as equivalents to the periods of compulsory contributory insurance under the German program, in spite of the fact that nothing of the contributions paid to Austria programs was now available for the German pensions. The pre-service periods serve in particular to satisfy the qualifying period (Wartezeit) of the German pension insurance program and to maintain the claim for future benefits (Anwartschaft) during periods without employment. At the same time, these periods are considered valid in computing the increase of pensions (Steigerungsbeträge) above the minimum rate, as represented by its "basic amount" (Grundbetrag). The pre-service periods were defined by the Decree of 22 December 1938 in the following ways:[1]

1. The provisions were further liberalized by later regulations.

i. Periods during which contributions were due to Austrian old age assistance;

ii. Periods prior to the introduction of old age assistance during which a person was insured under sickness insurance;

iii. Periods of military service, sickness, or unemployment.

The rates of increments added to the pensions at first depended upon the wage class to which the worker belonged; in the interest of administrative simplification, the Decree of 7 October 1940 substituted uniform rates of increment graded only by age and sex. These rates were increased by a Decree of 10 December 1942 (RGBl, I, 697).

These very liberal provisions aid only workers who were not yet too old for a claim against the German program at the time of its introduction in Austria. Over-aged persons continued, however, to receive payments in accordance with the provisions of the Austrian old age assistance, now partly financed by subventions from the Reich. These payments no longer depend upon a test of need, and their rates have been repeatedly increased. Furthermore, the Decree of 22 December 1938 established survivors pensions for the spouses and minor children of the recipient of old age assistance, corresponding to the survivors' pensions of the German workers pensions insurance.

d. Pensions for Salaried Employees. This branch of pension insurance had existed in Austria since 1906, and salaried employees had paid contributions to their pension program for more than three decades before it was integrated into the German program; they were, therefore, in the process of creating for themselves what continental jurists call "well-earned rights" (wohlerworbene Rechte) for the statutory Austrian pensions. Financially, however, the situation in this branch was not so different from the situation in workers pension insurance. During the time of its existence, the Austrian program had been financed under a "pay as you go" scheme and only a small reserve had been accumulated. At the time of its incorporation, the current income of the program was needed entirely to cover its current expenditures. There was consequently no capital available to cover the claims of the 200,000 insured employees.

The Germans again overlooked all actuarial considerations. Their program not only continued paying the pensions established prior to 1 January 1939 but during the war increased the Austrian rates. They also accepted the contributions paid under the Austrian program for the qualifying period (Wartezeit) for the maintenance of the claim (Anwartschaft), and for the calculation of the pension in accordance with the German program.

German legislation recognizes that the Austrian pensions are higher than the pensions of the German program. To maintain pensions on the Austrian level the Decree of 22 December 1938, therefore, set up higher salary classes for the insurance contributions to be made by the Austrians.[1] Since the Second German Simplification Decree abolished the salary classes, the same result is assured for the salaried employees in the Austrian Gaue by the establishment of higher incremental amounts (Steigerungsbeträge); they were 1.2 percent of the annual earnings in the Austrian Gaue as compared with 0.7 percent in the Old Reich. This increase was, however, not a gift made by the German program; the Austrian employees paid for it by a higher contribution rate.

e. Miners Pensions. The Austrian program of miners insurance (Provisionsversicherung der Bergarbeiter) cannot well be compared with the German program as established by the Reichsknappschaftgesetz and its later amendments. Types, rates, and conditions of benefits in German miners insurance were lavishly expanded under the Nazi regime.

The German program is able to exist financially only because of very high subventions from the Reich and other

1. Under the German and Austrian programs, insurance contributions were not based on individual earnings but upon salary classes established by statute.

branches of the German social security system.

Once again the Germans set aside all actuarial considerations. The Decree of 22 December 1938 and the Second Decree of 5 February 1940 recognize periods of employment in Austrian mining enterprises as "pre-service periods" for the German program and use these periods for the qualifying period, the maintenance of claims, and for computing the increments to pensions under the German regime. The German program not only continued paying established Austrian pensions, but the rates of these old pensions were substantially increased in 1939 and 1942; the Reich also paid special supplements to these pensions.

f. Pensions in Accident Insurance. The benefit issues raised by the introduction of the German program of accident insurance were less complex than those in the various branches of pension insurance. Pensions in accident insurance do not depend upon cumbersome formulas regulating qualifying period and maintenance of claims. Their amounts are not connected with extended records of employment and contributions. The only factors that count for the establishment and the amount of a pension are the degree of injury caused by an industrial accident -- or an occupational disease -- and the level of earnings that the injured had during an immediate past. In addition, German accident insurance was with the exception of a few insurance institutions, not financed by capitalization,

but by the annual redistribution of its expenditures. It was easy, therefore, to apply to accident insurance the general principle of the Decree of 22 December 1938[1] and to compensate accidents and occupational diseases occurring after 1 January 1939 in accordance with the German provisions.

Pensions for accidents or occupational diseases from earlier times were at first established or continued in accordance with the Austrian provisions. The Second Decree of 5 February 1940, however, applied most of the German provisions on suspension, termination, and revision of pensions to these Austrian pensions, in ways similar to what was done in pension insurance.[2] A much more drastic step, moreover, was taken in 1941, when by an Order of 21 August 1941 (RABl., II, 352), the Reich Labor Minister extended the whole of the German provisions on accident insurance to the current Austrian pensions. The insurance institutions were directed to re-examine the current cases and to calculate the new pensions on the basis of the wage level prevailing in 1941. On the other hand, the institutions were ordered to estimate anew the degree to which the individual's capacity for work had been diminished by the accident in cases in which Austrian institutions had "evidently over-estimated this degree." In no case, however, was the beneficiary to lose his pension because of the new examination. It may be assumed that this full extension of German provisions into old Austrian pensions -- unique as it

1. See above, I. E, 1.
2. See above, I, E, 7, c.

is in the whole transition from Austrian to German social insurance -- was motivated mainly by the desire for administrative simplification.

g. The Benefits of Sickness Insurance. The transition from the Austrian to the German program of sickness insurance presented fewer problems than the transition in pension or accident insurance, because most of the benefits of sickness insurance were limited in duration under the Austrian Act of 1935 and ran out after relatively short periods. Only the medical treatment of an insured salaried employee and of his dependents could continue without time limit. All other benefits, particularly the cash benefit (Krankengeld), ended after fifty-two weeks at the latest.

The Austrian provisions on the duration of sickness benefits for non-agricultural workers and salaried employees were more liberal than the German provisions. The Decree of 22 December 1938 authorized the Austrian sickness insurance institutions to extend the duration of the benefits as provided by their bylaws to an entire year, even if this step meant exceeding the ceiling for contribution rates established in Germany in connection with the wage-stop.[1] The Second Decree of 5 February 1940 gave a still broader authorization to the Austrian Funds to retain in their bylaws the optional benefits rendered before the introduction of the German program.

1. See below, I, E, 9, c.

The Decree of 22 December 1938 authorized the Austrian sickness funds to regulate benefits to and contributions for persons insured in agriculture and forestry in a manner different from the German provisions. Such regulations needed the approval of the Reich Insurance Office in Berlin and by 31 December 1944 were no longer in effect. Information is not available about the degree and way in which this authorization was used.

h. Benefits from Unemployment Compensation. At the beginning of the war, the German program of unemployment compensation was entirely revamped by the Decree of 1 and 5 September 1939 (RGBl., I, 1662 and 1674). While the program might have been classified as a degenerate type of social insurance up to that time, it later became clearly a system of categorical relief, financed, however, not from general taxes but from contributions of employers and workers and administered exclusively by the public employment offices. An order of the Reich Labor Minister of 11 September 1939 (RABl., I, 432) stated expressly that this new program also applied to Austria. Furthermore, all the changes made in this program during the war also apply to Austria; examples are the introduction of new benefit rates[1] and the extension of the program to new forms of unemployment, such as those caused by air raids.

1. The last known rates are given in Appendix G.

1. Benefits for Partial Unemployment (Kurzarbeiterunterstützung). Compared with the original regulations in the time of the German Republic, the Nazis had restricted the application of this type of benefit by a decree of 5 September 1936 (RGBl., I, 248). In this restricted scope the benefit was introduced into Austria by a German decree of 14 January 1939 (RGBl., I, 46). At the beginning of the war, however, the application of the benefit was broadened by the Decree of 18 September 1939 (RGBl, I, 1850) and the conditions of the benefit were further liberalized during the war. The benefit is now paid for workers in all sorts of enterprises, even the smallest ones, with the exception of agriculture, fisheries and merchant marine. Employees who work less than their regular hours because not enough work is available receive unemployment compensation equivalent to 60 to 80 percent of their loss in earnings. These rules applied in the Austrian Gaue as well as in the old Reich.

8. Medical Services in Sickness Insurance. While the Austrian codification of 1935 tried to organize a balanced co-operation between social insurance institutions and physicians, the Nazi regime in Germany has handed over the administration of the medical services largely to the medical profession alone. This administration is carried out in Germany by the German Association of Insurance Physicians (Kassenärztliche Vereinigung Deutschlands) and the German Association of Insurance Dentists (Kassenzahnärztliche Vereinigung Deutschlands), established by the Decrees of 2 August and

27 July 1933 respectively, (RGBl., I, 567 and 540). Both organizations are compulsory, exclusive, and thoroughly Nazified; their headquarters are in Berlin, with regional and local outposts. The head of the Association of Insurance Physicians is the Reich Leader of Physicians (Reichsärzteführer), appointed by the Führer and Chancellor in accordance with the Reich Physicians Code (Reichsärzteordnung) of 13 December 1935 (RGBl., I, 1433) as amended by the Decree of 12 June 1939 (RGBl., I, 1014). The head of the Association of Insurance Dentists is the chairman of the National Association of German Dentists. The dental technicians (Dentists) are represented separately by their own national organization. These associations are responsible for the medical services in sickness insurance, within the framework of the statutes and agreements they conclude with the National Association of Sickness Funds. The Association of Insurance Physicians receives lump compensation for these services from the four National Associations of Sickness Funds and distributes them among their members. It administers the admission of physicians to insurance practice in accordance with the Decree on the Admission of Physicians of 8 July 1937 (RGBl., I, 976), and regulates and controls the activities of the physicians in all its details. The functions of the Association of Insurance Dentists and of the National Association of German Dental Technicians are not quite so fully developed, but they follow the same general lines.

A decree of 8 September 1938 (RGBl., I, 1165) extended the activities of the professional associations to Austria. The Decree of 22 December 1938 directed the various German national associations of sickness funds and members of the professions to negotiate contracts for medical services in Austria, corresponding to the contracts governing the services in the Old Reich. For a temporary period, doctors and dentists who worked for Austrian funds at the end of 1938 were to continue.

By an Order of 28 June 1939 (RABl., IV, 321), the Reich Minister of Labor approved the agreements negotiated meanwhile and stated that the administration of the medical services in sickness insurance and the admission of physicians were to follow the German regulations.

The German rules on the admission of physicians to the funds, as formulated by the Decree of 8 July 1937 for doctors and by a Decree of 9 May 1935 (RGBl., I, 594) for dentists, established the following conditions:

a. A new set of qualifying conditions was set up,[1] including the "racial purity" of the applicant and his spouse and political guarantees;

b. A limitation in numbers was decreed so that no more than one physician could be admitted for every six hundred insured persons; for every fifteen thousand insured six dentists and four dental technicians were to be admitted;

1. For the qualifying conditions under Austrian rules see above, I, D, 3, h.

c. Special preferences were provided for Party veterans, war disabled, and war veterans.

Special provisions were made for the elimination of Jews from the medical services. The Second Decree of 9 February 1939 introduced in Austria the German Decree of 6 October 1938 (RGBl., I, 1391) concerning the participation of Jews in the medical services of sickness insurance. Jewish physicians were limited to the treatment of Jewish insured and of their Jewish relatives. According to the Eighth Decree to the Reich Citizen Act of 17 January 1939 (RGBl., I, 47) Jewish physicians soon afterwards lost their professional standing and were eventually classified as "auxiliary elements in public health" (Hilfskräfte in der Gesundheitspflege).

9. Changes in Financial Policies and Status.

a. Financial Policies of the German System. The financial policies of the German system differ essentially from the policies established by the Austrian legislation of 1935. They are, in some points at least, similar to the financial policies of the Republican period, as the following discussion suggests:

i. While the reform of 1935 tried to establish financial balance for each branch of social security as a whole, not only for the individual institutions administering the branch, the German system applies this principle only to the three branches of pension insurance (for workers, salaried employees, and miners) and to unemployment compensation. In sickness and accident

insurance each German institution forms a separate financial unit.[1] The financial autonomy of these institutions was restricted first by the German Emergency Decrees of the early Thirties, later by regulations promulgated under the Nazi regime in connection with their general policy of freezing wages. Yet, there exist substantial variations between the various German sickness funds as to rates of contributions, extension of benefits, and their financial status as a whole. More pronounced still are the variations in financial status between the several institutions of accident insurance, reflecting the differences in character of industries and the degrees of industrial safety.

ii. The Austrian system financed its social insurance programs exclusively by contributions from the insured and their employers. Only unemployment compensation and old age assistance received public subventions. While under the German system contributions are the primary source of income in social security, the Reich pays substantial subventions to both workers pension insurance and miners insurance. Unemployment compensation, on the other hand, is financed exclusively by contributions in Germany. The proceeds from these contributions greatly exceed the needs of unemployment compensation. They

1. The German pension insurance institutions for workers (Landesversicherungsanstalten) also have the appearance of separate financial units. Actually, their resources are combined in a national pool (Reich Insurance Code, Sec. 1386).

are partly used to support the various branches of pension insurance.[1]

iii. The Austrian Act of 1935 exacted equal shares of contributions from employers and workers throughout the whole of the social insurance system. The German system applies this principle only to pension insurance (with the exception of miners), to sickness insurance for miners, and to unemployment compensation (again with the exception of miners). In the pension insurance for miners the employers pay two-thirds and the insured one-third of the contribution. German accident insurance is financed exclusively by employers' contributions, as was done in Austria before the legislation of 1935. In sickness insurance (with the exception of the insurance of miners) the insured in the Old Reich pay two-thirds and the employers only one-third of the contributions. In this last point, however, the German Decree of 22 December 1938 maintained the Austrian legislation of 1935: employers and insured in the Austrian Gaue continue to bear equal shares of contributions in sickness insurance.

iv. The manner in which the financial policies of the Austrian and German systems differ in pension insurance is particularly significant. In Austria the pension insurance

1. According to a recent report from a non-German source, 1275 million RM were paid from the proceeds of unemployment compensation to the three branches of pension insurance during the fiscal year 1943-1944. See also Civil Affairs Guide: Unemployment Compensation in Germany.

for salaried employees was financed by annual distribution of its current expenses ("pay-as-you-go scheme"). It was recognized there that such a system was particularly unsatisfactory for a pension system that had not yet reached the definite ceiling for its expenditures. However, Austria did not appear strong enough economically to build up adequate actuarial reserves.[1] The Germans had begun their pension systems for workers and salaried employees with systems of "capitalization," i.e., a system under which the current income is not related to current expenditures but is planned so as to create capital values which could take care of all obligations arising from future expenditures. The reserves of the German pension schemes had been destroyed by the extreme currency inflation of the early Twenties, and temporarily the system of annual distribution had been applied also in Germany. After 1933, however, Germany sought to return to a more conservative way of financing. The German financial scheme, as established by the Act concerning the Development of Pension Insurance of 21 December 1937 (RGBl., I, 1393) for all three branches of pension insurance, is not, however, the classical system of capitalization, but it goes far in building up strong actuarial reserves. For this task, the Germans use particularly the subventions from the Reich and the large amounts that are

1. See above I, D, 3, i; see also Lederer, Grundriss, p. 575, n. 2; Erläuternde Bemerkungen (official explanation) to the Act of 1935, Amtliche Nachrichten, 1935, p. 153.

transferred every year to pension insurance from the proceeds of the contributions to unemployment compensation.

b. The Financial Status of the Programs. Seen as a whole, the financial status of social security in Austria shows a more favorable appearance than before the Anschluss. This development results primarily from the change in economic conditions produced by annexation and the armament boom; it was destined to last only as long as these conditions continued. Particularly drastic was the effect of the new situation upon the numbers of unemployed and the expenses for unemployment compensation. The last available official statements revealed that in March 1938, 280,000 unemployed persons were dependent upon public support in Austria[1] and that 174,000,000 schillings were required for unemployment compensation.[2] These figures declined, without doubt, during the subsequent years, but may have risen again as the result of air raids and other disturbances in the war economy.

Sickness insurance was, as a whole, financially balanced before the Anschluss. The last official report on the workers sickness funds, covering 1936,[3] revealed an annual income of 75.5 million schillings for this program, expenditures of

1. Amtliche Nachrichten, 1938, p. 367.
2. Ibid, p. 516.
3. Amtliche Nachrichten, 1939, p. 111.

70 million schillings, and net reserves of 82 millions. The situation of the sickness funds for salaried employees was not quite so favorable.[1] The individual sickness funds are now taking care of themselves financially, according to the German system, and as long as the high level of employment persists these funds have undoubtedly been able to meet their obligations.

The greatest program of accident insurance in Austria, workers accident insurance, reported a small surplus for 1936. Its reserves totaled at that time 41 million schillings, and were almost twice as large as the annual expenditures.[2] The German organization of accident insurance is so different from the Austrian system that no financial comparisons can be made. It can be said, however, that accident insurance in the Austrian Gaue did not lose in financial stability by being incorporated into the German system.

Pension insurance for salaried employees had been the financial "problem child" in pre-Nazi Austria, together with unemployment compensation and old age assistance. According to the last official report,[3] its income in 1936 amounted to 67.50 million schillings, its expenditures to 66.67 millions. Its reserves were 60 millions in 1934.[4] They had probably

1. No figures are available. The government announced in 1938, however, that this program too was finally balanced. Amtliche Nachrichten, 1938, p. 178.
2. Amtliche Nachrichten, 1938, p. 739.
3. Ibid., p. 175.
4. Amtliche Nachrichten, 1935, p. 156.

declined further when this program was merged with the German program.[1]

These figures may be compared with the situation in the two main branches of pension insurance in Germany, as it was just before the Anschluss.[2] The income of the German workers pensions insurance system in 1937 was 1,716 million RM; expenditures amounted to 1,275 millions;[3] 441 millions went to the reserves, which amounted to 2,439 millions at the end of 1937. The figures for income and expenditures in the German pension insurance for salaried employees in 1937 were, respectively, 636 millions and 312 millions; the surplus of 374 millions brought the reserve of this branch to 3,413 million RM. It must be assumed, at least, that the financial status of the two branches has not deteriorated since 1937.

The Austrian pension insurance for salaried employees is now part of a strong financial organization, backed by the whole economic strength of a large territory; the same judgment applies to the pension insurance for workers. The collapse of Germany, of course, is bound to produce a change in this situation.

c. Rates of Contributions. The uniform contribution rates of 20 percent, as established by the Austrian Act of 1935, are replaced by the more diversified rates of the German system.

1. Ibid., 1938, p. 179.
2. The figures in the text are taken from the last comprehensive official publication on German social insurance, Die Deutsche Sozialversicherung 1937, p. 1.
3. It should, however, be observed that the surplus in workers pension insurance came almost entirely from the Reich subvention (438 million RM in 1937).

The diversity is the result of the financial autonomy that, in spite of all restrictions, has been left to the sickness and accident insurance institutions under the German system.

The Second Decree of 5 February 1940 established special ceilings for the contributions to Austrian sickness funds amounting to 6.5 percent. The actual averages are probably somewhat below these ceilings, perhaps at the level of the shares reserved by the Austrian Act of 1935 for sickness insurance as a whole (6.25 percent for workers, 4.25 percent for salaried employees). These averages cover a wide range of rates, as applied by the individual funds.

Without doubt, the variety of rates in accident insurance is much greater. No rates are published for the newly created accident insurance institutions operating exclusively in the Austrian Gaue. The German rates, part of which, at least, are directly applicable in Austria, varied in 1935 between 4.73 per thousand RM in the textile industry and 47.91 per thousand RM in mining. The national average for all industries was 13.66 per thousand RM.

Uniform rates of 5.6 percent of the basic wage for workers in their pension insurance and for workers and salaried employees in miners pension insurance were introduced by the German Decree of 24 April 1942 (RGBl, I, 253). In the Old Reich these rates apply also to salaried employees; the rates for salaried employees outside of mining in the

Austrian Gaue amount, however, to 10 percent, because these employees receive higher pensions than the salaried employees in the Old Reich.

This higher burden on salaried employees in Austria is offset, in part at least, by a provision in the Decree of 22 December 1938 under which the rate of their contributions to unemployment compensation is only 4 percent, not 6.5 percent as for salaried employees in the Old Reich and for workers in the Greater Reich.[1]

The following table gives a picture of the contributions to be paid for an average worker and an average salaried employee in the Austrian Gaue, and the shares of these contributions assigned to the insured and to his employer:

AVERAGE PERCENTAGES OF WAGES (SALARIES) TO BE PAID AS CONTRIBUTIONS UNDER THE GERMAN SOCIAL SECURITY PROGRAM

	Sickness insurance (percent)	Accident insurance (percent)	Pension insurance (percent)	Unemployment compensation (percent)	Total (percent)
Workers:					
Employers' share	2.10	1.37	2.80	3.125	7.395
Workers' share	4.20	--	2.80	3.125	10.125
Salaried Employees:					
Employers' share	2.10	1.37	5.00	2.00	10.47
Employees' share	4.20	--	5.00	2.00	11.20

1. Workers and salaried employees in mining pay only 0.5 percent for unemployment compensation, their employers 3.25 percent.

d. Reserves of Social Security Institutions. Another financial issue in the transition from the Austrian to the German system arose from the distribution of reserves established by the Austrian institutions. According to the Decree of 9 February 1939, 1.2 million RM were transferred from the assets of the Insurance Institutions for Workers in Vienna to the German Miners Insurance Institution (Reichsknappschaft) in Berlin:[1] 15 million RM went to the four newly established Workers Pensions Insurance Institutions (Landesversicherungsanstalten) in the Austrian Gaue; the remainder -- perhaps another 15 million RM -- was distributed among the new accident insurance institutions, and thus went partly to the Old Reich and remained partly in Austrian territory. These new institutions also received the reserves of the Austrian Insurance Institutions for Agricultural Workers; the amount of their reserves, however, is not known. The Reich Insurance Office in Berlin was charged by the Decree of 9 February 1939 with distributing these various reserves among the German accident insurance institutions. No details are known about this distribution. The assets of the Austrian Pension Insurance Institution for Salaried Employees -- less than 40 million RM in 1939 -- were transferred to the German Reichsversicherungsanstalt für Angestellte in Berlin.

1. The Workers Insurance Institution had taken care of the Austrian Pensions insurance for miners.

The expenditures for unemployment compensation and old age assistance in Austria had been covered every year by contributions and by public subventions. No reserves were therefore available from these programs that could have been assigned to the German Fund for Unemployment Compensation, the predecessor of the Reich Fund for Labor Allocation.

Nothing is known about the present amounts of the various reserves, and no details are known about their investment. From the available facts it must be assumed that the sickness funds have only very small reserves.[1]

Small reserves exist also in German unemployment compensation. The high income of the Reich Fund for Labor Allocation is being spent currently;[2] substantial reserves exist only in workers pension insurance and in the National Insurance Institution for Salaried Employees.

Under the German law, all institutions must invest half of their reserves in bonds of the Reich. This ceiling is probably never reached by most institutions. A great portion of other investments will certainly not be found in a liquid form.

1. They are legally obliged to have a reserve equal to their expenditures over a two months period. See Civil Affairs Guide: Sickness Insurance in Germany.
2. See Civil Affairs Guide: Unemployment Compensation in Germany.

II. RECOMMENDATIONS

A. General Policies of Military Government

It is assumed that the programs of social security will have stopped operating in large parts of the Austrian territory when Military Government begins. All these programs depend upon elaborate financial and administrative schemes. They cannot work in combat areas and will be thrown out of gear throughout the whole Austrian territory by the economic and administrative collapse that is likely to accompany the end of German domination over Austria.

It is assumed that during the period of active fighting and immediately afterward the groups regularly cared for under the various programs of social security will receive the elementary means of subsistence through public and private welfare measures, together with all other needy elements in the Austrian population.[1]

Military Government should be concerned in terminating this first phase and in helping to restore distinctive programs of social security as soon as the general conditions allow. Military Government has a direct interest in the revival of the social services that are part of these

1. See Civil Affairs Guide: Public and Private Welfare in Austria.

programs, particularly in the revival of the public employment services and of the medical services of sickness insurance. It is clear that these services depend for their efficient operation upon the restoration of the particular benefit schemes with which they are closely connected.

Furthermore, the early revival of social security operations is important for psychological reasons. The strong attachment of the masses of workers and employees in Austria to the benefit schemes of social security has been indicated. They will be unwilling to continue paying contributions if their rights no longer accrue to them. This attitude would, consequently, endanger one of the most ample sources of public income.

The restoration of social security programs will encounter serious difficulties, which will be particularly great in programs that, since the annexation, have been administered by agencies located outside of Austria or have been financed by schemes covering the whole of the Greater Reich.

Such programs are workers pension insurance as well as the pension insurance for salaried employees, miners insurance, and, partly, accident insurance. The legislation

on social security poses still another difficult problem. Even if the present German legislation continues to be applied for a temporary period, certain parts of it will need to be replaced. The question now arises as to the source from which the gaps should be filled. Should use be made of the codification affected by the Austro-Fascist regime in 1935, the only comprehensive piece of social security legislation issued in pre-Nazi Austria? Or should material be drawn from the unco-ordinated and unequal set of Republican and Monarchic laws used before the code?

A third set of difficulties will arise from the high level of unemployment to be expected in Austria during the period of Military Government. Widespread unemployment means, of course, diminished income from contributions and much higher demands for benefits, particularly, but not exclusively, in unemployment compensation. It should, however, not be overlooked that the people who claim benefits from social security have to be cared for anyhow. If it is not done under social security programs, it must be done through welfare schemes. The average rates of social security benefits under the German programs are, with certain exceptions, not higher than welfare allowances; they are even lower in some programs.

to those necessary in the occupation period. Any permanent changes in the social security system should be reserved for the native democratic government of Austria. Urgent problems confronting Military Government include the following:

1. The de-Nazification of the social security system;
2. The annulment of social security laws which discriminate on the basis of race, creed, or political opinion;
3. The encouragement of all measures calculated to promote the restoration of an adequate social security system.

B. The De-Nazification of the Social Security System

1. Abolition of Government Departments and Institutions.

The administrative separation of Austria from Germany will eliminate the German Department of Labor as the highest policy-making authority in the social security field, and the National Insurance Office (Reichsversicherungsamt) in Berlin as the supreme supervisory and judicial authority. The Reichsstatthalter and Gauhauptmann, who at present participate in directing and supervising the operation of social security programs, should be replaced by acceptable regional agents through general administrative measures of

Finally, the whole situation will be complicated by the zonal scheme for the military occupation of Austria. The whole Austrian territory does not provide a strong actuarial basis for such social security programs as workers pension or miners insurance. And the zones will not be defined by actuarial considerations and will not be strong enough economically to support separate schemes of this sort.

To overcome these difficulties and to restore temporarily, at least, essential parts of the social security system, drastic interventions would be necessary. In defining the character of these interventions and in accepting responsibilities in this field, Military Government will be influenced by the consideration that Austria is to be dealt with as a victim of Nazi aggression rather than as an integral and willing part of Germany. Directives dealing with social security should therefore allow more constructive and more liberal provisions than would be acceptable in dealing with a hostile country. They should suggest, at the same time, the early use of native institutions and individuals within the limits set by military and political considerations.

The actions of Military Government should be limited

Military Government.[1]

The institutions of social insurance, the regional and local employment offices, and the superior insurance offices (Oberversicherungsämter) are agencies of a technical character. They have been staffed by the Nazis, partly at least, and with their followers, and have carried out Nazi policies and laws. If such institutions were to be staffed with reliable personnel and were engaged in carrying out suitable, democratic policies and laws, they would not of course, be open to political objections. Technical considerations should therefore determine which of these agencies are to be maintained or abolished.

It is recommended, however, that the compulsory associations of sickness funds be immediately dissolved, and that their properties and records in Austrian territory be impounded.

2. The Removal of Personnel of Social Insurance Institutions, Public Employment Offices, and Superior Insurance Offices. The individuals heading the social security agencies -- workers pension insurance institutions (Landesversicherungsanstalten), sickness funds (Krankenkassen) of all types, regional and

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1. See Civil Affairs Guide: The Administrative Separation of Austria from Germany.

local employment offices (Gauarbeitsämter and Arbeitsämter) -- should be dismissed because of the positions held by them. The German statutes reserve most of these positions for persons "who give all guarantees that they will defend the National Socialist system at all times without reservations."[1] Their positions have in any case been important enough to compromise these individuals for continuance in office.[2] The substitution of reliable persons should not be particularly difficult; such leading positions require persons having general executive capacities, not technical expertness. It might be advisable, however, to establish a schedule of priorities for these dismissals. Under such a schedule, the first to go should be the heads of institutions and agencies in important industrial areas, like Vienna, Linz, or the mining region in Styria. The next on the list would be the directing officials of regional agencies, the last the Leiter of agencies in agricultural districts and smaller cities.

A great portion of the personnel not in leading positions will be either Nazis or Nazi sympathizers,

1. Fifth German Decree concerning the Structure of Social Insurance of 21 December 1934 (RGBl., I, 1274).
2. See Civil Affairs Guide: De-Nazification of Austria.

identifiable by their past activities and their previous behavior. Their cases should be subject to individual investigations, undertaken as part of the removal of unsuitable personnel throughout the whole Austrian administration.[1] The same schedule of priorities should be applied as suggested above for the leading officials.

The removal of unsuitable personnel in the health professions serving the insurance institutions, particularly of the health insurance doctors, offers peculiar difficulties. Among the rank and file of these professions are many individuals who have been notably active in Party affairs and in the promulgation of Nazi racial and health doctrines and policies. Their elimination from the health services of social security is imperative. However, if there is urgent need for medical personnel during the occupation period certain exceptions may be made. As a first step, therefore, all individuals should be immediately removed who have been particularly active as propagators of Nazi policies, or who in their professional capacities have performed criminal acts or acts of particular brutality. Following this action, other Nazis or Nazi sympathizers in the general sense of the term should be eliminated as soon as possible, insofar as this can be done without immediate and grave danger to the health of the population.

1. Ibid.

As long as such persons continue serving social security institutions, however, they should be subject to particular control by the new leading officials of these institutions.

3. The Purge of Advisory Committes (Beiräte). The members of the advisory committees functioning with the social insurance institutions have been selected in accordance with the same political conditions as were applied in the selection of other leading Nazi officials.[1] All of them should be removed immediately and not allowed to participate in any such activity in social security institutions during the period of occupation.

4. Elimination of Associations of Physicians. It is assumed that the German Association of National Socialist Physicians (Nationalsozialistischer Deutscher Aerztebund) and the corresponding German organizations of licensed dentists (Zahnaerzte) and approved dental technicians (Dentisten) will be eliminated from Austrian territory in the general process of de-Nazification. The special organizations active in sickness insurance: the National Association of Insurance Physicians (Kassenaerztliche Vereinigung Deutschlands) and the National Association of Insurance Dentists (Kassenzahnaerztliche Vereinigung Deutschlands),

1. See above, I, E, 2, d.

both thoroughly Nazified in leadership and policies, should also be eliminated, their branch organizations in Austrian territory dissolved, and their property and records seized.

C. The Abrogation of Social Security Legislation

No German law or regulation on social security should be applied judicially or administratively within the Austrian territory where such application would cause injustice or inequality, either (1) byfavoring any person because of his connection with the National Socialist Party, its formations or affiliated or supervised organizations; or (2) by discriminating against any person by reason of his race, nationality, religious beliefs, or opposition to the National Socialist Party or its doctrines. This policy would eliminate, for instance, any discrimination against Eastern workers that might still be practiced even if it has been legally abolished during the last phase of the Nazi regime, or the reduced rates of unemployment allowances for Jews,[1] or the suspension of pension rights in the case of persons "who after 30 January 1933 have fought the National Socialist system."[2]

1. See Civil Affairs Guide: Unemployment Compensation in Germany.
2. German Act of 23 December 1936 (RGBl., I,1128)

Purged of such vicious elements, the German legislation on social security would present a workable basis for the operation of social security programs under Military Government. The bulk of this legislation was issued in pre-Nazi Germany and its main provisions have a technical, not a political character. To substitute former Austrian legislation in a sweeping way would necessitate a decision as to whether or not the Austro-Fascist codification of 1935 should be re-enacted. It is recommended that this decision be left to the future Austrian government. Legislative changes under Military Government should be limited to indispensable adaptations required by the immediate administrative, financial, and economic situation.

D. The Establishment of a Central Government Department for Social Security

The re-establishment of a central government department dealing with social security will be an urgent problem for Military Government. Social security in Austria was, from its beginnings sixty years ago to the annexation by Germany, the subject of national Austrian policies and national Austrian legislation; it was subject to a nationally directed administration. Separate policies in the various regions or in the different zones of occupation

might easily result in undesirable competitive situations within Austrian industry. Moreover, certain social security programs, like unemployment compensation or pension insurance, can be revitalized only by pooling all the resources of the whole country.

Under the control of Military Government, the main functions of the central department would be the following:

1. To direct the separation of the Austrian agencies from the German set-up;
2. To re-initiate the operation of those Austrian programs that have ceased working;
3. To supervise the regional government agencies in the field of social security, and to exercise supreme supervision of the social security institutions;
4. To carry out such central operations as may be necessary in some social security programs (for instance, the management of a national fund in unemployment compensation);
5. To collect material to aid the future Austrian government in making a definitive review of the social security system.

A central department dealing with social security would best be located in an agency similar to the former Austrian Federal Ministry of Social Administration. Such a

department should also be responsible for labor matters in general as well as issues of social security and, if feasible, also for public health and welfare. The general considerations governing the re-establishment of central administration in Austria, the relation of Military Government to this administration, and the selection of qualified personnel,[1] would apply also to this department. Pre-Nazi Austria had available a number of excellent experts in the field of social security.[2] It may be hoped that some of them, at least, have not been discredited by identifying themselves with the Austro-Fascist or the Nazi-regime.

E. The Establishment of Specialized Regional Government Agencies

It may well be questioned if Austria, in the long run, needs specialized government departments for social security on the regional level, similar to the six superior insurance offices (Oberversicherungsämter) established under the Nazi regime. In pre-Nazi Austria, regional government activities in social security, particularly functions connected with the supervision of social insurance institutions, were carried out by the general administrative authorities (Landeshauptmänner). Specialized regional authorities were established only for unemployment compensation and included the industrial district committees in Republican

1. See Civil Affairs Guide: The Adminstrative Separation of Austria from Germany.
2. For civil servants with special experience see Appendix C.

times and the regional employment offices (Landesarbeitsämter) under the Code of 1935.

During military occupation, however, it seems advisable to maintain specialized regional departments for social security. These departments will be indispensable if no central department handling such matters functions. But even under a central department, regional specialized bureaus would have important tasks in a period in which the structure and operations of the various programs must be reviewed and revived and in which the new personnel of the institutions needs particularly careful supervision.

The specialized agencies -- which might or might not retain their present names -- should be directly subordinated to the head of the general regional administration. They should be staffed in accordance with the general policies on separation and de-Nazification.[1]

F. Functions of Military Government in Social Security

The degree to which Military Government will find it necessary to assume direct responsibilities in social security will probably depend upon general political conditions both at the time when occupation begins and afterwards. Even major details in this field are involved technical problems and might better be handled by native experts as soon as these

1. See Civil Affairs Guide: The Administrative Separation of Austria from Germany.

are available. Fundamental decisions, however, as in the care of the re-establishment of programs for the unemployed, the aged, or invalid workers, or the question of the rates of contributions to and the benefits from social insurance programs, have far-reaching political and economic implications and should either be made by Military Government or be subject to its approval.

Decisions of this character may become necessary also on the regional level, and will certainly be necessary during periods in which no central authority for Austria functions.

In addition to these policy-making functions, Military Government should be prepared to supervise the operation of the social security programs. Officers with the necessary experience should be available for this supervisory function in the headquarters of Military Government and, at least, in its zonal offices; if possible, such trained personnel should also be present in the regional administrative agencies. Special attention should be given by these officers to developments in Vienna and in other industrialized cities or areas.

Of particular importance in the field of social security will be the establishment of an "outpost" of

Austrian Military Government in Berlin.[1] Social security is at present under the general direction of the German central departments. Important programs, like the pension insurance for salaried employees, miners insurance, and great parts of industrial accident insurance, are operated for the whole of Greater Germany in Berlin or at other places inside the old Reich. The reserve funds of these programs are kept there, and contributions from employers and employees in the Austrian territory have been paid into these funds for more than six years. Particularly important among these funds is the financial reserve of unemployment compensation held in the National Fund for Labor Allocation in Berlin. The representatives of the Austrian Military Government in the Berlin "outpost" might try to shift adequate parts of these funds to Austria, as far as these can be found available and in liquid form. In addition, the "outpost" could supervise the transfer of all important material, files, and documents that concern social security in Austria.

G. Special Recommendations for Sickness Insurance

1. General Aproach. Sickness insurance is one of the programs which are of the most direct concern for Military Government. The major part of the Austrian

1. Ibid.

population receives medical care through the services of sickness insurance; beneficiaries include not only active workers and their families, but also the unemployed and other groups under public welfare. If these tested and accepted channels of medical care and public health were to be blocked for more than a short emergency, entirely new organizations would have to be improvised. If priorities must be established in the restoration of the various security programs, sickness insurance should stay on top of the list, together with unemployment compensation.[1] Sickness insurance should be given top priority also because its administrative machinery is being used by other social security programs for important functions, particularly for the unified collection of contributions. The difficulties of restoring sickness insurance, moreover, are less than those to be met in the restoration of any other program.

2. Organization. Sickness insurance is administered exclusively by institutions located in Austrian territory. These institutions include the sickness funds and, for "their common tasks" (Gemeinschaftsaufgaben),[2] the four Workers' Pension Insurance Institutions (Landesversicherungsanstalten) in Vienna, Linz, Salzburg, and Graz. No changes are recommended in these arrangements, but the

1. See below, II, H.
2. See above, I, E, 3, a, note 1.

personnel of the funds and institutions should be de-Nazified.[1] It should not be difficult to find reliable substitutes.

The main type of fund, namely the "local sickness" funds (Ortskrankenkassen), for the most part adequately cover large areas. In some cases, however, it might be possible to simplify administration by the merger of funds or the creation of local associations of sickness funds. Military Government might encourage the superior insurance offices to use for these measures the powers given to them by the German Insurance Code.[2]

3. Types and Level of Benefits. The sickness funds should be directed to provide, for the time being only, for the statutory benefits of sickness insurance, and to suspend all additional benefits established under their bylaws. Even if the financial situation of a few funds should permit such optional benefits, surpluses of those funds will be needed to balance, partly at least, the deficits of other funds or of other social security programs.

The financial status of sickness insurance might become sufficiently strained to demand reductions of even the statutory benefits. Such reductions should be applied primarily to the cash benefits, not to medical care and other benefits in kind, in view of the vital importance of these latter forms in the maintenance of public health

1. See above, II, B.
2. See Civil Affairs Guide: Sickness Insurance in Germany.

in Austria.

Economies in cash benefits might be achieved particularly by the extension of the waiting period from the prevailing three days to perhaps seven days.[1] This extension of the waiting period -- an act that would imply a change in the law -- might create less hardship now than in normal times in view of the substantial savings that many families may have at the end of the war.

A more drastic measure would be a general lowering of benefit rates, perhaps to a level somewhat above welfare payments.[2] In the case of total economic collapse in Austria, it might be necessary to replace temporarily the cash benefits of sickness insurance, like those of other social security programs, by support in kind of a more or less elementary nature.

4. The Medical Services of Sickness Insurance. The major features of the present organization of the medical services (such as requirements of professional qualification and special preparation, distribution of physicians according to local need, and payment of the physicians on a per capita basis) should be maintained for the time being, after all discriminations or preferences for racial, political, or religious reasons have been eliminated.[3] Changes that might

1. Seven days are suggested to equalize waiting periods of sickness insurance and unemployment compensation.
2. See Civil Affairs Guide: Public and Private Welfare in Austria.
3. See above, II, B.

become necessary should not depend upon agreements between sickness funds and physicians, but should be introduced by the central or regional government department.

To attain the greatest possible economy of service and the fullest utilization of personnel resources, group clinics should be used widely for all eligible persons. The old clinics of this type should be reopened, and the establishment of additional facilities should be encouraged.

5. Financial Measures in Sickness Insurance. The financial issues of sickness insurance, like those of all other social security programs, should be dealt with as part of the broader question of how the whole system of social security should be operated financially under Military Government. Comprehensive financial recommendations for the whole social security system are presented below.

H. Special Recommendations for Unemployment Compensation

1. General Approach. The level of employment in Austria during the period of Military Government will depend, of course, upon political and economic factors that cannot be predicted. It may remain moderate or become grave. If the second situation develops, the total of unemployed may reach the same level as prevailed during the first years of the Austrian Republic and again in the early thirties; it may be even higher.

In any case, Military Government should be seriously

concerned about separating the employable unemployed from other needy groups as soon as such a separation becomes feasible. It should also supervise the re-establishment of a special program of unemployment compensation for the former group. It should be apparent that the unemployed must again be put in contact with the employment offices so that they can be placed either in private work, in work with the armed forces, or in public works. Only by such a special program will it be possible to preserve or to restore the morale of the Austrian workers who will be needed for economic reconstruction. Furthermore, the creation of a sound democratic system also depends upon such practical measures.

The German program of unemployment compensation that was applied in Austria is far from satisfactory, but the former Austrian schemes are also open to criticism. The program of unemployment compensation in Austria was hotly debated between the major political parties for years prior to the German annexation. It seems most appropriate, therefore, to follow the general line of policy suggested above [1] and to leave all fundamental reforms of unemployment compensation to the future democratic government in Austria. The German system should be used as the basis for the period of occupation, subject to such changes as cannot be postponed.

2. Organization. Unemployment compensation requires a higher degree of central direction than other social

1. See above, II, A.

security programs, because its operation must be continuously adapted to developments in the labor market. In pre-Nazi times this direction rested with a group of experts in a special section of the Federal Ministry of Social Administration.[1] It is recommended that a similar group should be given these powers. However, so long as no central agency functions it might be necessary to establish zonal headquarters for unemployment compensation.

The present Gau employment offices cover areas defined by political, not by economic considerations. It would be advisable to restore the former regional employment offices covering territories defined in terms of the location of industries as soon as general conditions permit. With this reservation, regional and local employment offices should continue administering unemployment compensation.[2]

Military Government should insist upon close co-operation between public employment and public welfare offices serving the same areas. The welfare bureaus should have a voice in the selection of the "employables" among the needy persons and should enjoy the co-operation of the employment offices in the investigation of need.

3. Types and Level of Benefits.

a. Conditions of Unemployment Benefits. For the

1. See Appendix C.
2. It is assumed that they will be subject to the general purge of personnel; see above, II, B.

time being, it is not recommended to change the general character of unemployment compensation. The unemployment allowances depend at present upon a test of need and thus have the character of relief rather than of insurance payments. A test of need was, however, a condition of unemployment compensation in Austria since 1924,[1] and it seems inadvisable to abolish it in an emergency period that may well require the greatest possible economy.

The present German provisions give every latitude to the employment offices in defining need, and consequently expose the unemployed to arbitrary decisions. The responsible authorities should be encouraged to establish instead definite standards for the recognition of need. Unemployed persons should be required, particularly, to spend the greater part of their liquid savings from wartime earnings before they become entitled to draw unemployment allowances. The pattern for the definition and investigation of need could be found in the regulations made during the Republican period[2] and in the practices of the former industrial district committees.

The German system does not provide for a waiting period preceding the payment of compensation, but a waiting

1. Introduced by the XVIIth Decree for the Application of Unemployment Compensation of 9 July 1924 (BGBl., No. 248).
2. XXVII Amendment of 15 July 1931 (BGBl., No. 205) and Order of 26 September 1931 (Amtliche Nachrichten, p. 272).

period of seven days was the practice in Republican Austria as well as under the code of 1935. It is strongly recommended that this week-long period be re-introduced in the interest of economy and administrative simplification.

In two other points, however, the German program seems to be more liberal than any preceding Austrian scheme: benefits do not depend upon any qualifying period of employment in the past and are not limited in duration. Changes in these two points would be advisable if unemployment is only moderate. However, in a period of widespread and lasting unemployment the re-introduction of these prerequisites would result only in shifting the unemployed to public relief.

Several other conditions in the German scheme differ from international standards and from the Austrian tradition. It seems inadvisable, however, to encourage much piecemeal revision. As long as such conditions are workable and are administered reasonably by humane and responsible officials, they should be tolerated during the time of Military Government.

b. Rates of Unemployment Benefits. The present German scheme relates the amount of benefits to the earnings the unemployed individual would have if still employed in his former job.[1] Such a formula cannot well be administered for great numbers of unemployed and the clause becomes entirely unrealistic if economic conditions change completely. Conditions after the

1. See Appendix G.

German collapse will change, and many of these "former jobs" will no longer exist. Therefore, it is recommended to return to the Austrian policy of Republican times and to merge the cash benefits of unemployment compensation with those of sickness insurance. If these benefits have to be temporarily reduced the same reduction would apply to the unemployment benefits.

c. Partial Benefits. It seems advisable to maintain some scheme of compensation for workers whose earnings are reduced because they work less than their regular hours. If unemployment becomes widespread under Military Government, it would be particularly important to keep workers in their jobs by some such scheme. The present German procedure is, however, over-liberal and would become very expensive if it is necessary to reduce working hours over wide areas of employment. It might become necessary, therefore, to change the present scheme during Military Government, either by making its conditions more rigid or by shifting to other types of partial benefits, similar to those used in American schemes of unemployment compensation.[1]

d. Special Schemes of Unemployment Compensation. Special schemes, such as those developed for unemployment caused by air raids or for conscripted workers, should not be continued. The beneficiaries can be cared for under general rules.

4. Financial Issues. The present financial arrangements in

1. See CIVIL Affairs Guide: Unemployment Compensation in Germany.

unemployment compensation will end automatically with the separation of Austrian from Germany and with the elimination of the National Fund for Labor Allocation in Berlin, at present the financial clearinghouse for unemployment compensation throughout the Greater Reich. The new arrangements should be made as part of the general fiscal policies for the whole social security system.[1]

I. Special Recommendations for Accident Insurance.

1. General Approach. Accident insurance is the third social security program dealing with the active labor force of the nation; it does not affect persons who have withdrawn from the labor force because of age or of incapacity to work. The operation of accident insurance has its direct implications for the industrial process. Workers would stay away from such dangerous occupations, as mining, operating machines, etc., unless there was adequate protection in case of accident or occupational disease. Under accident insurance the victims of accidents are rehabilitated. If their capacity to work is diminished, the compensation for the loss of earning power enables most of them to continue working with reduced earnings. These facts are of direct concern for Military Government, because of the interest it has in the performance and in the morale of Austrian labor.[2] The maintenance or restoration of accident insurance should therefore rank directly

1. See below, II, 1.
2. Large groups of self-employed persons, particularly farmers and their families, are also covered by accident insurance.

after the resumption of sickness insurance and unemployment compensation.

2. Organization. Accident insurance is at present only partly administered by institutions located in Austrian territory. Such organizations cover the iron, steel, and building trades, employment with certain public authorities (particularly with the municipalities), and agricultural employment. All other insured activities -- and their extension is very broad under both German and former Austrian law -- are administered by agencies located in the Old Reich. Accident insurance for all these activities must therefore be reorganized. A new organization might also be necessary for the insurance of agricultural employment, if this insurance is still in the hands of the Party-connected Regional Peasant Associations.

Developments in pre-Nazi times offer two different patterns for the organization of accident insurance. Under the Republic, accident insurance for non-agricultural workers was administered by three special institutions, while for all other insured groups the administration of accident insurance was combined with the administration of -- either existing or planned -- schemes of old age and invalidity insurance. The Code of 1935 extended this combination also to the industrial workers. The German program utilizes this pattern also for the insurance of municipal employment; it combined

its administration with the Workers Pension Insurance Institutions (Landesversicherungsanstalten), while all industrial employment is at present insured with Mutual Trade Associations (Berufsgenossenschaften), established on an industrial basis.

Definitive decisions about the organization of accident insurance should be left to the future Austrian Government. For a temporary solution it might be recommended to return to the immediate past and to combine in a general way administration of accident insurance with the administration of pension insurance. In the interest of administrative simplification, the Landesversicherungsanstalten should administer accident insurance not only for non-agricultural but also for agricultural workers and all sorts of salaried employees. In the course of this reorganization, these Mutual Trade Associations that are located in Austria might be liquidated and their administrative functions also shifted to the Workers Pension Insurance Institutions.

3. Types and Level of Benefits. The German provisions on benefits, particularly those on pensions for permanent total or partial incapacity to work, correspond to international standards. They are more liberal than the corresponding provisions in the Austrian Code of 1935 or the Republican regulations after the changes in the early thirties. If

economies are necessary during the period of military occupation they might follow the lines of these earlier emergency measures, particularly in reducing the compensation for slight injuries. Uniform cuts in all pension rates should be considered only if this step is unavoidable. Medical treatment and vocational rehabilitation should not be subject to economies, at least not to economies that would weaken the effects of these services.

4. Financial Issues. The financial issues of accident insurance should be handled as part of the general financial policies for the whole social security system.[1]

J. Special Recommendations for Pension Insurance

1. General Approach. The maintenance or the resumption of workers pension insurance (old age, survivors, and invalidity insurance) may well be the most crucial issue in social security. This program seems of less direct concern for Military Government than sickness and accident insurance or unemployment compensation. The manner in which it is treated has, however, enormous psychological importance. The repeated postponement of workers pension insurance, although it was legally created first under the Republic, then again by the Code of 1935, signalized to the masses the economic weakness of Austria. Its immediate actual introduction by the Nazi-regime was propagandized as an example of how much the Austrian people gained by the German annexation. For the millions who have a direct stake in it, the treatment

1. See below II, L.

of pension insurance after Austria is separated from Germany may symbolize the economic prospects of the new democratic Austria.

The financial situation of workers pension insurance will be difficult, for the program was established by the Nazis in contradiction to all actuarial rules.[1] It is being financed currently by the large pool of income from contributions, established some years ago among all workers pension insurance institutions throughout the Greater Reich, and is supported by the Reich through large subventions and through payments from the National Fund for Labor Allocation. The program may have built up some reserves in the four Austrian institutions but most of their assets will be in Reich bonds and therefore worthless or, at best, frozen.

The financial situation of the pension insurance for salaried employees will be not quite so difficult. This program does not receive public subventions, but the Austrian part of it was sustained, partly at least, by the means available from other parts of the Greater Reich.

The decisions to be made about both pension insurance programs will depend largely upon the economic developments in Austria under Military Government. Whatever the decisions are, it should be emphazised that they refer only to the period of occupation. Definite decisions should be left

1. See above, I, E, 3, c.

clearly to the future Austrian Government.

If it is not possible to maintain or to resume the operation of the pensions program it might be advisable to restore temporarily the special program of old age assistance that existed in Republican times as well as under the code of 1935.[1]

2. Organization. The four existing Workers Pension Insurance Institutions would be available for running workers pension insurance. There may be some reasons to merge them into a single institution as provided for by the Code of 1935. Conditions under Military Government may, however, make a more decentralized administration advisable. These four -- Landesversicherungsanstalten, which might at the same time administer accident insurance -- would also cover the agricultural workers, for whom the pre-Nazi legislation planned a separate administrative set-up. In the interest of administrative simplification it might also be advisable to entrust these four agencies with administering the pension insurance for salaried employees. This program, at present administered outside Austria,[2] must be newly allocated. If it is not assigned to the Workers Pension Institution, it would be necessary to recreate a special Institution for Salaried Employees such as existed in pre-Nazi times.

3. Types and Levels of Benefits. The German provisions on conditions and calculation of pensions are extremely

1. See above, I, D, 3, n.
2. By the Reichsversicherungsanstalt für Angestellte in Berlin.

complicated. While changes in the direction of greater simplification are highly desirable and might also lead to some economies, Military Government should not burden itself with this task. It might encourage native authorities to undertake the elimination of some of these bureaucratic intricacies. If substantial economies are immediately necessary they could be attained by cuts in the pension rates, expressed in simple percentages. These cuts should, however, not be applied to rates in the lower brackets. These are already so low that reductions would only lead to more expenses in public welfare. The standard rates of public assistance might be used as the minimum for cuts in pension insurance.

Conditions and rates for salaried employees are more liberal than those for workers. This preferential treatment reflects a policy of social differentiation that was more pronounced in Austria than it was in Nazi Germany. It might again best be left to the future Austrian government to decide whether this policy should be continued.

4. Financial Issues. These matters should be handled as part of the general fiscal problems in social security as a whole.[1]

K. Miners Insurance

The German system of miners insurance cannot be maintained or restored in Austria. Its over-lavish benefits

1. See II, L, below.

reflect the desperate effort of the Nazi regime to keep the output of coal at the highest possible level. It is financed by intolerably high contributions and by subsidies from Reich and other social security programs. There are two possible alternatives:

1. To treat the miners like other workers and include them in the various social security programs;

2. To return to pre-Nazi Austrian regulations and treat the miners separately, at least in some of the security programs.

If the second alternative is chosen, the best temporary solution might be found in restoring to some degree the provisions of the Code of 1935, particularly its Third Chapter on the Provisionsversicherung (pension insurance) of miners. The flat pension rates provided for by the Code should, however, be adapted to the changed money values.

L. The Financial Questions of Social Security

The financial issues of social security might be handled in accordance with the following suggestions:

1. The fiscal policies of social security under Military Government should be defined comprehensively for the whole social security system, not separately for the various programs.

2. The policies should be uniform for the whole country. If that goal is not attainable they should, at least, be uniform inside of each zone. Policies should be prepared, as

far as possible, by native experts, but should be subject to review by officers of Military Government.

3. The factors to be considered in drafting the policies should include the amount of social need; the status of public health, the financial demands for other forms of public aid, particularly for public welfare, the level of employment, and the level of the national income. The experts and officers responsible for these various fields should participate in preparing the decisions.

4. It should not be expected that the whole system can be financed exclusively by contributions from employers and labor. Contributions from employers have their repercussions upon employment, as do all payroll taxes. Contributions paid by deductions from earnings diminish the spending power of labor and cannot exceed certain limits. The contributions must be supplemented by public subventions or public loans, quite in line with former Austrian practices,[1] but probably to a higher degree.

5. The contributions should continue to be collected by the sickness funds. Their proceeds would be transferred into a national fund or into zonal or regional funds. Subventions or loans should also be channeled through these funds.

6. The central or zonal authorities should define the rates of contributions. These rates may vary for non-agricultural labor, on the one hand, and for agricultural labor on the other,

1. See I, D, 3, i, and Appendix D.

but should be uniform in all other respects. The authorities should further decide which percentages of the proceeds from contributions and from other available means should be spent in the various programs.[1] In making these decisions, the authorities should consider giving priorities to certain programs. The actual distribution of the money among the various institutions presents a technical problem for which precedents exist in the German as well as in the former Austrian system.

7. Reserves that might be found with certain institutions should be considered as being part of a general reserve of the whole social security system and should be at the disposal of the central or zonal authorities. Amounts transferred from the reserves of German institutions should be handled in the same way.

8. All programs should be financed in accordance with the "pay-as-you-go" scheme. The establishment of policies for the creation of reserves should be left to the future Austrian Government.

M. Restoration of Self-Government in Social Security

Decisions about the degree and character of self-government to be restored in the field of social security should be left to the future Austrian government. The formation

1. For a corresponding regulation under the Code of 1935 see above, I, D, 3, i.

of advisory groups, composed primarily of reliable representatives of employees and of employers, to act with the institutions of social security and with the public employment offices should be encouraged.

Appendix A. RECORD OF UNEMPLOYMENT IN AUSTRIA FROM 1927 to 1935

Year	Yearly Average of Registered Unemployed Unemployed in Thousands
1927	200
1928	182
1929	192
1930	243
1931	300
1932	378
1933	406
1934	370
1935	349

Source: Statistisches Handbuch für den Bundesstaat Oesterreich, 1937, Table 36, p. 24.

Appendix B. RATES OF UNEMPLOYMENT BENEFITS IN REPUBLICAN AUSTRIA

Wage Class[a]	Daily Unemployment Benefit				
	Lower Rate	Higher Rate			
		Without child	1 child	2 children	3 or more children
	Schillings				
6	1.60	2.10	2.20	2.30	2.40
7	1.80	2.30	2.40	2.50	2.60
8	2.--	2.50	2.70	2.90	3.10
9	2.20	2.80	3.--	3.20	3.40
10	2.30	2.90	3.10	3.30	3.50

a These classes were determined by statute; the lower numbers indicate the lower groups of wage earners.

Source: Max Lederer, Grundriss des Oesterreichischen Sozialrechtes (2nd edition, 1932), p. 611.

Appendix C. ORGANIZATION AND PERSONNEL OF THE MINISTRY OF SOCIAL ADMINISTRATION IN 1932
(Only Sections dealing with Social Insurance and Unemployment Compensation)

Section I

(Social Insurance and Assistance for War Disabled)
Director: Section Head, Dr. Hook.

Division 1. Sickness Insurance of Workers and Public Employees. Affairs of Old Age and Invalidity Insurance of Workers; Social Insurance of Agricultural Workers; Old Age Insurance of Self-employed. Supervision of Insurance Institutions and Statistics.

Head: Ministerialrat Dr. Mertha

Hofrat Dr. Spaun
Sektionsrat Czapka-Winstetten
Sektionsrat Dr. Hauffen
Sektionsrat Dr. Singer
Ministerialsekretär Dr. Linseder
Ministerialsekretär Dr. Jennerwein
Ministerialsekretär Dr. Grössinger
Amtssekretär Kaltenbock

Division 2. Accident Insurance of Workers; Miners Pension Insurance; Supervision of Insurance Institutions; Accident Statistics and Classification of Industrial Risks.

Head: Ministerialrat Dr. Mumelter

Hofrat Dr. Gehrmann
Ministerialsekretär Dr. Melzer
Wirklicher Amtsrat Marschall
Wirklicher Amtsrat Schwarz

Division 3. Salaried Employees' Insurance; Pension

Source: Amtliche Nachrichten, 1932, pp. 323 f.

Insurance for Railroad workers; Supervision of Insurance Institutions and Statistics; Insurance of the Professions; General, Common and International Affairs of Social Insurance.

Head: Ministerialrat Dr. Kerber

Sektionsrat Dr. Rudolph
Sektionsrat Dr. Groterjahn
Ministerialsekretär Dr. Soffer
Ministerialsekretär Dr. Kasperer
Ministerialsekretär Dr. Widmann
Ministerialsekretär Dr. Harter
Ministerialoberkommissär Dr. Pregel
Amtssekretär Amtsrat der Bundesverwaltung Reichmann
Amtssekretär Haberda

Division 4. (not related to subject)

Section II

(Social Policy and Unemployment Insurance)
Head: Section Chief Dr. Wlček.

Division 5. (not related to subject)

Division 6. Legislative and Financial Affairs of Unemployment Insurance and Legislative Affairs of Employment Service. Public Works and Voluntary Labor Service, Court Decisions on Unemployment Insurance. Prevention of Unemployment.

Head: Ministerialrat Dr. Forchheimer

Ministerialrat Dr. Böhm
Hofrat Dr. Kuhn
Sektionsrat Dr. Hammerl
Ministerialsekretär Dr. Neviani
Wirklicher Amtsrat Gipperich

Division 7. Placement; Administrative Affairs of Industrial District Commissions and Unemployment Offices; Control Office of Unemployment Insurance.

Head: Ministerialrat Dr. Korompay

Ministerialrat Dr. Kohl
Ministerialsekretär Dr. Keller
Wirklicher Amtsrat Regierungsrat Plager
Amtssekretär Sobetzky
Amtssekretär Ferstl

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Appendix D

1. INCOME AND EXPENDITURES IN SOCIAL SECURITY IN 1935

Income	In million Schillings	In percentages	Expenditures	In million Schillings	In percentages
Contributions of employers	193.40	34.8	Insurance benefits	495.92	89.3
Contributions of insured	197.40	35.6	Administrative expenses	32.58	5.9
Subsidies of the Bund and Länder	127.67	23.0	Other expenditures	15.87	2.8
Other income	24.56	4.4	Transferred into reserve funds	10.91	2.0
Drawn from reserve funds	12.25	2.2			
Total	555.28	100.0	Total	555.28	100.0

2. NUMBER OF INSURED IN AUSTRIA IN 1935

Program	Groups covered						
	Workers	Salaried employees	Agricultural and forestry workers	Railroad Workers	Military workers and salt workers	Federal officials	All groups combined
Sickness insurance	739,600	250,600	269,900	162,300	-	175,500	1,597,900
Accident insurance	668,300	194,400	672,000	55,600	-	-	1,590,300
Invalidity (Old Age) insurance	12,000	194,600	-	3,600	-	-	210,200
Unemployment compensation	518,500	194,400	2,400	62,300	23,000	-	800,600
Old age assistance	620,000	-	266,900	62,300	-	-	949,200

Sources: Amtliche Nachrichten, 1937, pp. 418 ff.

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Appendix E. LOCAL EMPLOYMENT OFFICES IN NAZI AUSTRIA

1. Gau employment office Niederdonau
Local employment offices- Amstetten, Eisenstadt, Gänserndorf, Gmünd, Krems, St. Pölten, Stockerau, Wiener Neustadt.

2. Gau employment office Wien
Local employment offices- Vienna

3. Gau employment office Oberdonau
Local employment offices- Braunau, Gmunden, Linz, Steyr.

4. Gau employment office Steiermark
Local employment offices- Bruck a.M., Gleisdorf, Graz, Judenburg, Liezen.

5. Gau employment office Kärnten
Local employment offices- Klagenfurt, Villach

6. Gau employment office Salzburg
Local employment offices- Salzburg

7. Gau employment office Tirol-Vorarlberg
Local employment offices- Bregenz, Innsbruck, Landeck

A number of other local employment offices have been established by the Nazis in Austria, but they are not considered here because they are in territories which have been forcibly appended to Austria. These offices are:

Znaim and Krummau in the former Czechoslovakian Republic; Cilli, Krainburg, Marburg (Drau), Pettau, Rann (Save) in the former Kingdom of Yugoslavia.

Appendix F. SUPERIOR INSURANCE OFFICES IN AUSTRIA IN 1942

1. Gau Tirol und Vorarlberg Oberversicherungsamt (Superior Insurance Office), in Innsbruck.
   Chief: Regierungsdirektor Sauer.

2. Gau Oberdonau Oberversicherungsamt in Linz.
   Chairman: Regierungsdirektor Dr. Eigl

3. Gau Niederdonau Oberversicherungsamt in Vienna III.
   Director: Ministerial Councillor Dr. Johann Schauer-Schoberlechner.

4. Gau Kärnten Oberversicherungsamt in Klagenfurt.
   Director: Hofrat Deu.

5. Gau Steiermark Oberversicherungsamt in Graz.
   Director: Chief Government Councillor Dr. Hiebaum.

6. Gau Wien Oberversicherungsamt in Vienna I.
   Director: Dr. Artur Rudolph.

Source: Deutsches Reichsaddressbuch, 1942, pp. 112-114.

Appendix G. REGULAR WEEKLY RATES OF UNEMPLOYMENT ALLOWANCE IN THE GREATER REICH

In localities with more than 10,000 inhabitants

Wage class	Primary benefit in RM	Family allowance for first family member, in RM	Family allowance for the second and each additional family member, in RM
I. Former earnings up to 24 RM weekly	9	3.60	2.40
II. 24-36	12	4.20	3.00
III. 36-48	15	4.80	3.60
IV. 48-60	18	5.40	4.20
V. 60 and over	21	6.00	4.80

In localities with not more than 10,000 inhabitants

Wage class	Primary benefit in RM	Family allowance for first family member, in RM	Family allowance for the second and each additional family member, in RM
I. Up to 24 RM weekly	7.20	3.30	2.10
II. 24-36	9.60	3.90	2.70
III. 36-48	12.00	4.50	3.30
IV. 48-60	14.40	5.10	3.90
V. 60 and over	16.80	5.70	4.50

Source: German Decree of 16 December 1940, RGBl., I, 1589.

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